

Washington divided over Pollard case

By WOLF BLITZER
Jerusalem Post Correspondent
WASHINGTON. — The latest allegations against Israel in the Jonathan Jay Pollard spy scandal underline the apparently deep differences in the U.S. government over the best way to prosecute the case, authoritative U.S. officials said yesterday.

The officials said that the U.S. attorney for the District of Columbia, Joseph DiGenova, backed by important elements in the U.S. Justice Department, was continuing to resist any plea bargaining arrangement with Pollard's lawyer to overly reduce the number of criminal counts against the former U.S. Navy civilian intelligence analyst. Regardless of the plea bargaining outcome, prosecutors are expected to file much of their evidence with the district court here.

But the State Department, the White House, and the Israeli government, were reportedly anxious to reach a plea bargaining arrangement to avoid a full-scale trial, which could drag on for weeks. These officials fear that a trial would severely embarrass Israel and strain American-Israeli relations.

U.S. news media have recently reported extensively that Pollard was allegedly part of a larger Israeli intelligence operation in the U.S. than had previously been believed.

The Los Angeles Times said an unnamed Israeli Air Force official was believed to have been the "master case officer" for U.S. intelligence operations.

The man is reportedly a tat-aluf in the reserves, who, according to sources in the U.S., has already returned to Israel.

Israeli officials here, who have

described the press allegations of a wider Israeli espionage operation in the U.S. as "baseless," are clearly confused by the most recent developments, since they believed that the Israeli government's cooperation last December with the U.S. investigation had effectively closed the case.

The State Department's legal adviser, Judge Abraham Sofaer, whose conduct during the investigation has been praised by Secretary of State Shultz, but criticized by some prosecutors, reportedly discussed the issue last week while in Israel for talks on the Taba border dispute with Egypt. Last December, Sofaer led an inter-agency mission to Israel to collect information on the Pollard case.

Israel has acknowledged "running" Pollard in Washington, but has insisted that this was an unauthorized "deviation" from its traditional policy of not undertaking any espionage activities against the U.S.

But U.S. officials are known to have been disappointed that Eitan was not punished by the Israeli government for authorizing Pollard's alleged spying. They have privately expressed irritation that Industry and Trade Minister Ariel Sharon secured Eitan a prestigious and well-paying job as head of the government-owned Israel Chemicals company. "That didn't play well in Washington," one U.S. source said.

BULLETIN

Seven policemen were injured in Jerusalem's Mea Shearim quarter last night, after residents stoned cars passing through the neighborhood. Residents also burned municipal trash bins and stoned a police car.



Judge Yosef Harish who yesterday replaced Yitzhak Zamir as attorney-general. (David Harris)

Parties see escalation of security crisis

By SARAH HONIG
Post Political Correspondent
TEL AVIV. — Well-placed sources in both major parties believe that the GSS crisis is threatening to blow up into a major political confrontation, against the will of Premier Peres and the Likud.

The Likud is afraid that Peres may eventually back the idea of a judicial inquiry commission which would also be able to pass judgment on the role of the political leadership in the affair — leaving Vice Premier Shamir possibly vulnerable.

Some in the Likud are beginning to claim that many in Labour see this "as their final opportunity to avoid implementing the rotation agreement."

Another reaction from a highly-placed Likud source was that despite all the political fireworks, Peres could not afford to turn this into a political confrontation with the Likud because he might prove to be as vulnerable as Shamir.

The source explained that the case against Shamir was that as prime minister in April, 1984 — when the bus to Ashkelon was hijacked — he bore responsibility for the early stages of the cover-up. Peres, the source argued, could be shown to be equally responsible for the latter stages.

Likud sources note that Peres came to power in September 1984. Shamir, they say, briefed Peres in detail on all aspects of the case, as did the GSS chief. The matter was then under investigation by the Blatman Commission, which completed its task only in August 1985, when Peres had been in office for nearly a full year. If there was any cover-up by the GSS during that

period, it could not have been achieved without Peres's explicit sanction.

The source added that Labour "should rethink this line. The general public will not swallow this. The man in the street has a healthy sense of justice and will not tolerate victimizing Shamir. All Labour will do is turn him into a national hero."

Roy Isaacowitz adds:

There is little doubt in Labour that the appointment yesterday of Judge Yosef Harish as the new attorney-general was designed to assist the government in finding an agreeable solution to the General Security Services controversy.

But although the appointment has come at the height of the dispute between the cabinet and outgoing Attorney-General Yitzhak Zamir, it

(Continued on Page 2, Col. 1)

Reveals 'hours' of Zamir-GSS tape recordings

Moda'i to seek A-Gs' waiver of police probe

By DAVID LANDAU
Justice Minister Yitzhak Moda'i will meet today with the new and old attorneys-general in an effort to ensure that the police investigation into the head of the General Security Service is quickly called off.

Moda'i told *The Jerusalem Post* that he would ensure that outgoing Attorney-General Yitzhak Zamir formally informs his successor, Yosef Harish, that Zamir no longer insists on a police investigation.

Moda'i disclosed that Zamir had told Prime Minister Peres over the weekend that, under certain conditions, he was prepared to recommend a judicial commission of inquiry rather than a police investigation.

Moda'i also revealed that Zamir had played him "hours of tapes" containing his conversations with the three GSS officers who have levelled the allegations against the agency's chief, Avraham Shalom.

Shalom is suspected of perjury and suborning witnesses during two

Prime Minister Peres was closeted late last night with Labour Party leaders and the head of the General Security Services, Israel Radio reported. The consensus, the radio said, was to try to investigate the allegation through a specially convened committee of inquiry.

inquiries which followed the beating to death of two captured terrorists after the Ashkelon bus attack of April 1984.

From other sources *The Post* has

learned that former justice minister Moshe Nissim has also heard the tapes. Peres is understood not to have heard them.

Both Moda'i and Nissim, despite having heard the tapes and the attorney-general's interpretation of their contents, declined to support Zamir in his demand for an investigation into the allegations.

Moda'i also disclosed that Zamir had met with Shalom and discussed the matter with him — although there is apparently no tape of this conversation.

Moda'i seemed intent yesterday on trying to persuade Harish to forgo any inquiry — which was the original preference of almost the entire inner cabinet, and is still the position strongly held by Vice Premier Shamir.

Moda'i said Zamir was "not an

(Continued on Page 2, Col. 2)

Zamir surprised by A-G switch

By BENNY MORRIS
Post Diplomatic Correspondent
In an abrupt move yesterday, a successor to embattled Attorney-General Yitzhak Zamir was named by the cabinet at a meeting where underlying antagonisms and acrimony were kept under tight wraps by all.

Although he had tendered his resignation months ago, Zamir — who has clashed sharply with Prime Minister Peres and most members of the inner cabinet in recent weeks over the General Security Services affair — was clearly taken by surprise.

The new attorney-general, Tel Aviv District Court Judge Yosef Harish, who will take up his duties on Wednesday morning, yesterday said on television that he favoured a secret investigation of the allegations against the chief of the GSS.

Avraham Shalom, and several of his aides. They are suspected of killing two Arab terrorists captured after the Tel Aviv-Ashkelon bus hijacking of April 1984 and of lying to two judicial inquiries that probed the events in 1984-85 (See Profile — Page 4).

Harish also said the dispute between Zamir and the inner cabinet over how to deal with the affair was legitimate, but should have been held in camera. Harish said he opposed curtailing the powers of the attorney-general.

Zamir was informed by Peres and Justice Minister Yitzhak Moda'i of his replacement by Harish only minutes before the cabinet met. The decision to appoint Harish was reached by Moda'i on Friday and apparently approved by Peres on Sunday morning. A few weeks ago, Zamir proposed the names of a number of senior Justice Ministry offi-

cials as candidates to replace him, but they were rejected by Moda'i.

Moda'i yesterday insisted there was no connection between Zamir's removal from office and the GSS affair, in which Moda'i is known to have been highly critical of Zamir's role.

Zamir announced his intention to resign at the end of last year and in February formally informed the justice minister. As Labour and Likud politicians fought over a successor, the GSS affair simmered and then exploded into public view.

Judicial sources yesterday said Zamir wanted to remain in office at least until the manner of investigation of the GSS case had been settled and to follow it through until a certain stage had been reached. He would not have left office of his own initiative until then, the sources said.

The sources said Zamir conceded

(Continued on back page)



Members of the Spanish World Cup team crowd around Australian referee Chris Bambridge in the Guadalajara stadium yesterday after he nullified a goal by Miguel Gonzales (21). Spain ended by losing the match by 1-0. See story — page 3. (Reuter telephoto)

No agreement on successor

Mandelbaum to resign today

By AVI TEMKIN
Post Economic Reporter
Labour and Likud leaders were still at odds last night over a successor to Moshe Mandelbaum, who is due to resign today as governor of the Bank of Israel.

Mandelbaum told Israel Radio

that he would formally tender his resignation, which the Bejski Commission demanded for his role in the 1983 bank shares scandal, after presenting the bank's annual report to the Knesset Finance Committee.

Prime Minister Peres supports Deputy Finance Minister Adi Amor-

ai (Alignment) for the top central bank post. But the premier has been opposed by several Likud leaders who insist that if Amorai goes to the bank then a man from their own party should take over Amorai's post at the Treasury.

At a press conference yesterday, Mandelbaum warned that the achievements of the economic stabilization plan were still fragile (see page 7). In his recommendations on economic policy for the coming months Mandelbaum said that fiscal restraint must be maintained and that wage rises could only be awarded if there were parallel productivity gains.

Mandelbaum apologizes Page two

The governor also called for a further lifting of price controls. He said that the recent improvements in the balance of payments made it possible to introduce a partial liberalization of foreign currency regulations.

He went on to say that it was time for the government to consider whether it would be better to repay part of the internal debt, instead of turning it over. Mandelbaum also recommended continuing the policy of reducing the extent of indexation in the economy. At the same time, he added, savings must be encouraged.

HYMAN KREITMAN

Chairman of the Ben-Gurion University Foundation, Great Britain

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Top S.A. industrialist flays apartheid Safeguards for whites seen under black rule

JOHANNESBURG (AP). — One of South Africa's most powerful industrialists yesterday described apartheid as a dead albatross and said whites should reconcile themselves to a government dominated by blacks.

"The albatross carcass of apartheid which has hung around the white man's neck — informally for a very long time and formally for the past 38 years — is disintegrating," wrote Gavin Rely, chairman of the Anglo-American Corp., in a column in Johannesburg's *Sunday Times*.

"It's stench has demeaned the white man as much as it has degraded the black man, and only when it has gone can we talk about reform."

Rely, whose mining conglomerate is one of South Africa's largest companies, said the white minority should accept the inevitability of a "strong central government in which black political groupings dominate."

He said the interests of white and other minorities could be protected by creation of a bill of rights, preservation of an independent judiciary, and decentralization of power to regional and local levels.

Rely led a group of South African businessmen who visited leaders of the outlawed African National Congress guerrilla movement last September at its headquarters in Lusaka, Zambia.

In Pretoria yesterday police headquarters said that a black constable attending a friend's funeral was killed by a group of blacks who attacked him with shovels and buried him alive in a grave.

The constable was attacked Saturday evening in a black residential area near Witbank, about 100 km northeast of Johannesburg. Police officers dug up the body about an hour after the assault.

Black policemen have been frequent targets of anti-apartheid militants during daily unrest over the past 20 months. More than 1,600 people have been killed in that period, almost all of them blacks and a majority of them by security forces.

No progress on Japan-Soviet peace pact in Moscow talks

TOKYO (AP). — Foreign Minister Shintaro Abe yesterday returned from two days of talks with Soviet leaders saying that Japan's hopes of progress on the completion of a formal Japan-Soviet peace treaty yielded a pledge that negotiations will continue "notwithstanding divergences in the positions of the two sides."

Japan insists a peace treaty for formally ending World War II depends on settlement of the issue of a chain of strategic islands north of Japan. Tokyo claims the islands, which it calls its "Northern Territories," occupied by the Soviet Union in the war and since militarily fortified.

At a news conference in Moscow, Abe said that in meetings with Soviet leader Mikhail Gorbachev and Foreign Minister Eduard Shevardnadze, "we had a hot discussion on this matter. Unfortunately, the position of the USSR was very rigid on this question."

During the trip, Abe and Shevardnadze signed an agreement allowing Japan to open an information office in Moscow to provide Soviet citizens about Japan. It was also agreed to work out procedures for Japanese to visit burial sites on the Soviet-held islands.

He held two hours of "very frank" talks with Gorbachev, and said later that last November, when the Soviet leader held a summit with U.S. President Ronald Reagan, "the (east-west political) prospects were rather brighter. The present situation is more cloudy."

1988 Olympics could spark first N.-S. Korean summit

TOKYO (AP). — South Korean President Chun Doo Hwan will meet North Korean President Kim Il Sung in the first summit meeting since the Korean peninsula was divided at the end of World War II, Japan's Kyodo news service reported yesterday.

Quoting diplomatic sources in Tokyo, Kyodo said the meeting could take place as early as October.

Kyodo also quoted North Korean sources in Tokyo as confirming the report.

In Seoul, a senior South Korean government official, who spoke on condition that he not be further identified, said he had "no knowledge of any such happening or development."

There have been a series of reports in Japan recently on a possible North-South summit, but all have been denied by the South Korean government and some by the North Korean government.

According to Kyodo's report, Chun and Kim will discuss plans for some events that will be staged in the North Korean capital of Pyongyang during the 1988 summer Olympics in Seoul.

World's smallest airport opened

KNOCK, Ireland (Reuters). — One of the world's smallest and least likely international airports, located on a windswept and rain-soaked plateau near this western Ireland community, was finally inaugurated Friday after months of controversy.

With pipe bands and a jubilant audience, opposition leader Charles Haughey declared the airport open after it had been blessed by Catholic and Anglican bishops.

The airport is the brainchild of the parish priest of Knock, site of a widely-known Catholic shrine to the Virgin Mary and part of an area currently afflicted with economic depression.

Opponents of government aid for the airport project branded it a "white elephant."

South Africa's far right believes it can win power

CAPE TOWN (Reuters). — South Africa's extreme right is growing confident that it can win power, stamp out black protest and revert to "pure" apartheid.

Political analysts say the ruling National Party is deeply worried by the white militants' recent successes in breaking up rallies for government ministers and by forecasts that it could lose its 38-year-old hold on power in an election.

Louis Stofberg, sole representative in Parliament for the Herstigte Nasionale Party, or Reconstituted National Party, is sure that he will not remain alone for long.

"The time for the government to call an election that they can hope to win is over," Stofberg says.

He predicts that the HNP and the newer Conservative Party would take up to 80 seats from the National Party to win an absolute majority in the dominant white chamber, the National Party, with 127 of the 178 seats there, had long looked unassailable by the increasingly vociferous far right.

But Prof. Willem Kiehnans, who carries out field work on white politics, now believes the National Party could easily lose enough seats to the right to forfeit its majority.

Kiehnans, a political scientist at Pretoria's University of South Africa, contends that if an election were held now the HNP and Conservatives might be able to produce a hung Parliament, where no party has a majority.

Their major gains would be in the Transvaal, he says, where the militant Afrikaner Weerstandsbeweging, or Afrikaner Resistance Movement, achieved its most spectacular success two weeks ago in reducing a rally for Foreign Minister P.W. Botha to chaos near a black township riot.

The liberal Progressive Federal Party says its computer analysis of by-elections last year found that 34 seats could fall to the far right.

But PFP researcher James Self says Kiehnans overestimates the ability of the HNP and the Conservatives either to forge a solid electoral pact or to organize enough field work to bring in that many votes.

"It's one thing to bring in a whole lot of people from a lot of little dorms (small towns) to break up a National Party meeting, it's another thing to get them on the phone to track down postal votes," he told Reuters.

Self fears that the government might over-react to the right wing by doing "worse than nothing" about scrapping apartheid.

The HNP and the Conservatives believe the answer to the violence ravaging racially-zoned townships, which has taken over 1,500 lives in the past two years, is a still tougher clamp-down by security forces and a return to old-style apartheid, which was introduced by the National Party under the leadership of Hendrik Verwoerd nearly four decades ago.

125 public bicycles line the street in Geneva, available for free since Saturday to anyone who wants to ride one.

GENEVA (Reuters). — An experiment in a free public transport system was launched this weekend with the distribution around Geneva of 125 pink bicycles.

Anyone may take one of the unlocked cycles and pedal around the lakeside city of 150,000 inhabitants. The rules ask only that free transport users stay within city limits, keep the cycles unlocked and leave them in an obvious spot for others.

Three hurt, 17 held in anti-Murdoch protest

LONDON (AP). — Three people were injured and 17 arrested in clashes between police and protesters outside press baron Rupert Murdoch's high-technology newspaper plant, police said yesterday.

About 1,200 people gathered outside the plant in London's Wapping District Saturday night in what has become a weekly protest over the firing of 5,500 production workers. The protests have been going on since January 25, when the union workers were dismissed for refusing to go along with the introduction of computerized newspaper technology.

U.S. telephone workers strike

WASHINGTON (AP). — U.S. telephone workers early yesterday launched the nation's largest strike in three years, walking out against American Telephone and Telegraph Co. (AT & T), after rejecting a contract they said could shift manufacturing jobs overseas.

Stating AT & T's disappointment in the union's action, a company spokesman said managers were directed to report to work at midnight to start handling collect long-distance calls and perform other services normally handled by 36,000 union operators.

The spokesman said 90 per cent of the 33 million long-distance calls on the average business day are handled by automatic equipment. Because of the court-ordered split-up of the Bell system in 1984, the strike was not expected to have any immediate effect on local telephone service.

'If thy hand offends thee...

SYDNEY (Reuters). — A young Australian man recently converted to Christianity has cut off his left hand in obedience to the biblical injunction: "If thy hand offends thee, cut it off."

Michael O'Connor, 20, walked into a hardware shop in the country town of Leeton Saturday, switched on a circular saw on display in the shop and cut off his left hand, police said.

O'Connor quoted the verse from the Bible when he told police that he had recently joined a church and that tattoos on his hand offended him, they said.

The act was God's will, he told them.

O'Connor was flown to Sydney where micro-surgeons Saturday night sewed his hand back on in a five-hour operation.

Bomb blasts at two Spanish tourist hotels

BILBAO, Spain (Reuters). — Bomb blasts in a hotel in this crowded Basque seaport, allegedly by Basque terrorists, caused damage but no injuries, police said yesterday.

They said an explosive device ripped through a room last night in Las Garzas hotel, which had been evacuated shortly beforehand after a caller telephoned a warning. Police said most of the guests were British tourists.

Another bomb planted near a Palacio hotel window in Malaga was defused by police before it could explode following a similar anonymous phone call.

The caller claimed to belong to the Basque separatist guerrilla group ETA.

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Indian forces begin to leave Sikh holy temple

NEW DELHI (Reuters). — Some security forces have pulled out of a complex housing the Golden Temple, hours before Sikhs launched a week of protests to mark the second anniversary of the storming of their holiest shrine.

A police spokesman said about 300 policemen were withdrawn from 12 rooms around Amritsar's temple in the first phase of a total pullout of security forces by Wednesday.

About 300 police and paramilitary men remain in the hostels and halls of the complex, where they were deployed on April 30 following a raid to flush out Sikh separatists.

The withdrawal coincided with a tightening of security at likely targets in the Punjab to protect them against extremists who want an independent Sikh nation in northern India.

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Brazil triumph as Spanish goal disallowed

GUADALAJARA, Mexico (Reuters). — Brazil returned to the Jalisco Stadium yesterday to beat Spain 1-0 in a Group D match which revolved around a controversial decision by Australian referee Chris Bambridge.

The game was 54 minutes old when Spanish midfielder Michel picked up a ball 20 metres out and shot against the underside of the Brazilian bar.

Goalkeeper Carlos was beaten but he recovered in time to grab the rebound as the Spanish team celebrated what they believed was a goal.

Bambridge, however, ruled that it was no goal, although the television replays showed clearly that the Spanish joy was justified.

Ironically, just nine minutes later, Brazil scored the winning goal when a shot from Careca hit the underside of the Spanish bar, bounced out in front of the goal line and left Socrates with a simple header.

The goal inspired Brazil and they began to show glimpses of the magical soccer they put on display 16 years ago in this stadium on their way to their third and last World Cup title.

The Spanish players were bitterly disappointed by their lack of luck, despite attacking more in the second half, they did not deserve victory after some tough, uncompromising defensive play in the first half.

Noah quits

PARIS (Reuters). — Frenchman Yannick Noah, the champion in 1983 and seeded fourth this year, succumbed sadly to his battle against injury yesterday and withdrew from the French Open Tennis Championships.

But third-seeded Boris Becker went into the last 16 by completing a third round 6-3, 6-3, 5-7, 6-4 triumph over American Eliot Teltscher.

In the women's singles, seventh-seeded American Kathy Rinaldi went into the quarter-finals when her 12th-seeded opponent, Catarina Lindqvist of Sweden, withdrew with food poisoning.

Noah, in obvious pain from injuries to his left ankle and right hip since the tournament began, was due to meet American John Kriek, seeded 13th, in a fourth round court-catch yesterday.

Kriek's walkover win puts him into the quarter-finals.

Also through to the quarters were Andrei Gornes (Romania), who beat Ulf Stenlund (Sweden) 7-5, 7-6, 6-3, 6-4; and Guillermo Vilas (Argentina), who beat Guy Forget (France) 6-2, 3-6, 4-6, 6-1, 6-4.

Israel's direct interest in the French Open ended this past weekend, with the exit of its three participants in the doubles event.

Particularly unhappy was the second-round defeat of Shimon Glickstein and his Swedish partner Hans Simonsson, who went out 6-4, 6-4 to Frenchmen Turk Benhabiles and Jean-Philip Florian.

Shimon Peres and Amos Mansdorf were beaten 7-6 (9-7), 6-2 by Australians Laurie Warder and Simon Youl in the opening round.

Bell's Le Mans win marred by accident

LE MANS, France (Reuters). — Britain's Derek Bell, partnered by West German Hans Stuck and American Al Holbert, swept to his fourth success in the Le Mans 24-hour sports car race yesterday.

But Bell's victory in a Works Porsche 962C was tinged with sadness following the death of Austrian Jo Gartner, who crashed early yesterday morning.

Wheel chair tennis players win int'l title

By JACK LEON
TEL AVIV. — Israeli wheelchair tennis players last week took their first title in full international competition, when Baruch Hagai and Shabi Ben-Yoram won the Men's doubles event at the second annual "Anthony" wheelchair tennis championships in Paris.

Hagai — one of the world's top wheelchair sportsmen — finished third in the singles event, three places higher than last year. Ben-Yoram took fifth place in the 16-strong draw.

Nurit Ya'acov, mother of two small children, was fourth among the six participants in the women's singles competition.

Boggs picks on Twins

NEW YORK (AP). — Wade Boggs seems to hit well against everyone, but lately he has been particularly picking on the Minnesota Twins.

Boggs went 5-for-5 and raised his major league-leading average to .402 Saturday night in leading the Boston Red Sox past the Twins 7-2.

The five-hit game was the second of Boggs' career, the other coming 12 days ago, also against Minnesota.

In other American League games, the Cleveland Indians snapped their six-game slide by edging the Milwaukee Brewers 3-2, but the Chicago White Sox had their string of setbacks reach seven when they lost to the Toronto Blue Jays 4-3 in 11 innings. Also, Dave Kingman's clutch-hitting homer gave the Oakland A's a 4-3 triumph over the New York Yankees, Kansas City bounced Texas 8-1, Seattle beat Detroit 7-4 and California blanked Baltimore 2-0.

In the National League, Atlanta beat Chicago 3-1, San Francisco beat New York 7-3, Pittsburgh blanked Los Angeles 4-0, Houston slipped Montreal 4-3, St. Louis ripped Cincinnati 11-2, and Philadelphia edged San Diego 1-0.

Maradona & Co. tackle super fit South Koreans

MEXICO CITY (Reuters). — Argentina look likely to be perched on top of World Cup Group A by tonight assuming the form book holds true when they meet outsiders South Korea in their opening match.

Italy's dull 1-1 draw with Bulgaria in the inaugural match Saturday gives the 1978 World Champions a clear edge in the section.

The match kicks off in the capital's Olympic stadium, site of the 1968 Olympics. The Koreans are super fit and are expected to try and run the ball at the Argentine defence whenever possible, a tactic that has drawn a warning from Diego Maradona.

The Argentine captain said: "If they run and run they will collapse after 20 minutes. You need several minutes to recover from a burst of speed here."

The Koreans' goals-or-bust tactics worked well during their preparatory phase of the last few months. They beat Algeria and gave Mexico and Hungary a run for their money.

Also tonight, the Soviet Union, a team of great ability, and revitalized Hungary stage an East European World Cup summit in Group C.

The Soviet Union, World Cup semi-finalists in 1966, underlined the quality of their players when national champions Dynamo Kiev won the European Cup-Winners' Cup in tremendous style in Lyon, France, a month ago.

Hungary have slipped out of the world elite since Puskas, Hidalgó and their colleagues won the "Magyar Magic" in the 1950s. However, they have blossomed again under a management of György Mész, who guided them to five wins in six qualifying matches and victory in a group which also included the Netherlands, twice World Cup finalists.

Probable teams: Soviet Union — Rinat Dostoyev, Gennadi Morozov, Oleg Koznetsov, Alexander Bubnov, Anatoly Deryuzhenskiy, Ivan Yaremenchuk, Sergei Alekhin, Vasily Rats, Igor Belanov, Vadim Yevstehenko, Oleg Blokhin.

Hungary — Peter Diszi, Sándor Kallo, Antal Róth, Imre Garab, József Varga, Antal Nagy, László Dajka, Lajos Detari, Peter Harsnisch, Márton Esterházy, József Kiprich.

In tonight's final game, Poland, one of the most durable and successful teams in recent World Cup finals, will face a double test when they meet unfancied outsiders Morocco in their opening Group F match.

From Sinai sand to Caesarea's greens

Post Sports Reporter
CAESAREA. — A four-year sojourn in the Sinai desert as part of the MFO Multi National Force has clearly done wonders for the game of golfers Ivan Plunkett of Ireland and A.B. Gartman of the U.S. They played their first round ever on the links of the Country Club here yesterday as part of the hugely successful inaugural International Day tournament and coupled the handsome first prize.

Both played off a sizeable 30 handicap and proceeded to tear the course to bits. They shot a combined 63 net for which they were rewarded with top prize — flight tickets to Europe courtesy of one of the sponsors, Lufthansa.

Second out of the nearly 60 pairs who took part in the tournament were more Irish UN affiliates, O'Connor and Malsky of Ulster, who finished a shot back.

Sporting President Chaim Herzog was among the last to tee off. That did not assist him; a swirling afternoon westerly wind curtailed any hopes he might have entertained of finishing among the low scorers.

The splendid day, enhanced and managed by club pro Charlie Mandelstam and manager Alan Ben David, was sponsored by Dan Hotels and Elkan Rest-a-Car in addition to Lufthansa.

PRESIDENTIAL FORM. — President Herzog in action at Caesarea yesterday.

finishing among the low scorers.

The splendid day, enhanced and managed by club pro Charlie Mandelstam and manager Alan Ben David, was sponsored by Dan Hotels and Elkan Rest-a-Car in addition to Lufthansa.

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ARTS AND CRAFTS FAIR

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Thursday, June 5, 3 p.m. - 9 p.m.

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SPECIAL ATTRACTION

Page on the Stage Puppet Show.

Hebrew — 4 p.m., English — 6 p.m.

Admission to puppet show:

Children, NIS 2 Adults, NIS 3.

At 5 p.m. — Folk music by Bruce and Vivienne Brill members of "Gush Egozan"

0655-04-14

THE JEWISH AGENCY FOR ISRAEL

THE WORLD ZIONIST ORGANIZATION

Events for Jerusalem Day 1986

Tuesday, June 3, 1986

Morning: Aish LeIsrael (Pilgrimage), 5,000 Youth Aliyah pupils will join 1,000 Ethiopian students for a day's tour of Jerusalem. With the participation of Jerusalem by special train from Tel Aviv. The stations en route will be met by the mayor or other local dignitaries.

11:00 a.m. — Grand Bazaar Centre. A quiz on Jerusalem for youth, sponsored by Youth Aliyah.

12:00 noon — Liberty Bell Garden. Gathering of the 1,500 Ethiopian pupils.

4:00 p.m. — Western Wall. Assembly in the courtyard of the Wall with the participation of Zionist Executive Chairman Arye L. Dahan and UN General, head of Youth Aliyah. Following the assembly, the Youth Aliyah participants will join the Ethiopian pupils for a walk around the Old City Walls.

7:30 p.m. — Sabat's Pool. Gathering of Solidarity with the Jews of the Soviet Union. Sponsored by the Public Council for Soviet Jewry, with the participation of Prime Minister Shimon Peres, Zionist Executive Chairman Arye L. Dahan and former Prisoner of Zion Nathan Struchiner.

Wednesday, June 4, 1986

6:00 p.m. — Mt. Scopus Amphitheatre. Festive programme for participants of the UCVIA Branch of the Jewish Agency's Aliyah Department, after a day's tour of Jerusalem. With the participation of Israel President Chaim Herzog.

8:00 p.m. — President's Residence, Shazar Pitsa Award Ceremony. This prize is presented annually by the WZO Department of Education and Culture for a week around the Old City Walls.

Thursday, June 5, 1986

During the day: New immigrants from Jewish Agency Building. Special public meeting for those active in immigration and absorption, as well as those active in the Jerusalem region of the Zionist Council in Israel — to conclude Jerusalem Day activities. The subject of the meeting will be "Jerusalem: Gateway to Aliyah". Under the sponsorship of the head of the Jewish Agency's Aliyah Department, Haim Aron.

Friday, June 6, 1986

7:00 p.m. — Grand Bazaar Centre. Jerusalem Regional quiz in honour of Jerusalem Day. 8:00 a.m. — Tel-Aviv Auditorium. Heritage of Israeli communities. Folk songs of Israel's ethnic communities, sponsored by the Zionist Council in Israel.

Tuesday, June 10, 1986

2:00 p.m. — Executive Meeting Room, the Jewish Agency Building. Special public meeting for those active in immigration and absorption, as well as those active in the Jerusalem region of the Zionist Council in Israel — to conclude Jerusalem Day activities. The subject of the meeting will be "Jerusalem: Gateway to Aliyah". Under the sponsorship of the head of the Jewish Agency's Aliyah Department, Haim Aron.

Jerusalem Day Festivities Around the World

The Organization Department of the World Zionist Organization, in conjunction with local Zionist federations around the world, is planning special ceremonies to mark Jerusalem Day around the world. In addition, many communities will rename main streets or central squares for the day, in honour of Jerusalem.

0675-08-724

המרכז העולמי היהודי
The B'nai B'rith World Center, Jerusalem
P.O.B. 7522, 5 Ka'an Hayasod, Jerusalem
Tel. 226887

The B'nai B'rith Jerusalem Address

Prof. George Steiner: "The Dissent From Reason"

Sunday, June 8, 1986 — 8:00 p.m.

Admission by ticket only, on application to World Center Office.

0675-02-724

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Esther Rubin

recipient of the

1986 CBI Yakir Award

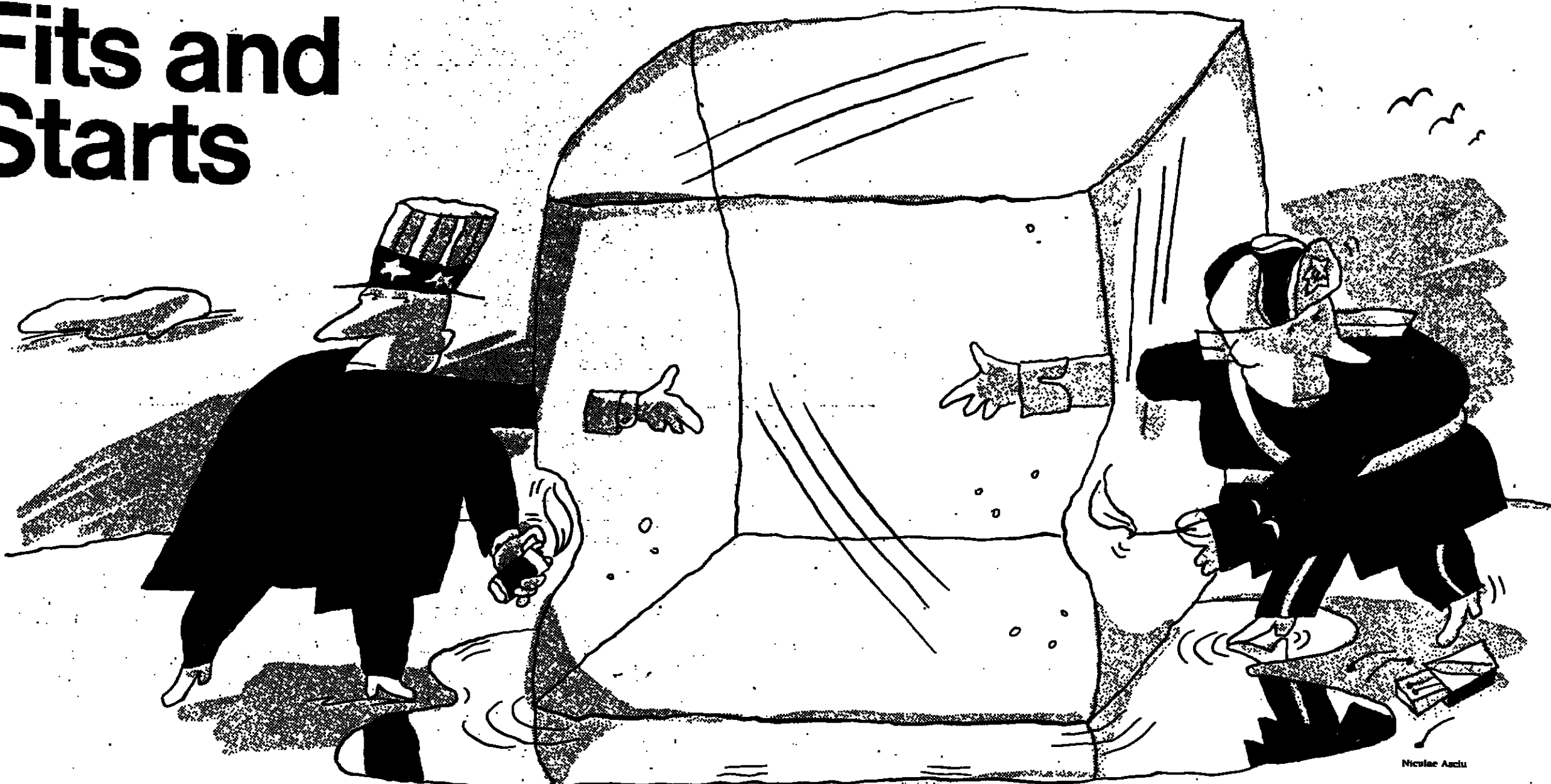
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Fits and Starts



Are East and West Edging Closer, or Just Edgy?

By LESLIE H. GELB

THE gamut of strains, dangers and opportunities in Soviet-American relations was unusually evident last week. There was substantial activity on both sides — on the Middle East, arms control and human rights. But with prospects in doubt for a second summit meeting between President Reagan and Mikhail S. Gorbachev, diplomats and analysts were pressed to find a consistent pattern.

Some Administration experts contended that Mr. Gorbachev was finally getting control of Soviet foreign policy. Noting the rise in Moscow of Anatoly F. Dobrynin, the former Ambassador to Washington, they tentatively anticipated that the Russians would be trying to improve relations with the United States in a steady way.

But Dimitri K. Simes, a Soviet affairs specialist at the Carnegie Endowment for International Peace, forecast "more mixed signals because of continued contradictory interests and impulses" on both sides. The Russians have "little expectation of constructive engagement with the Reagan Administration," he said, "and yet they don't want to be blamed for destroying the diplomatic process."

The Administration, meanwhile, still cannot choose between "provoking Gorbachev and enticing him back into the summit process," in Mr. Simes's view.

For its part, the Administration wore its ambivalence on its sleeve. The White House announced that President Reagan was casting aside the 1979 strategic weapons agreement known as SALT II while continuing to abide by the treaty for a few more months.

Officials said the purpose of the move was to bring pressure on Moscow to stop alleged violations of arms treaties. But experts said the carefully balanced decision seemed directed more at Washington politics, at placating conflicting impulses in the Pentagon and State Department, than at the Soviet Union.

Analysts found it important that so many of the developments last week occurred within 48 hours. This seemed to mean that neither side had had time to react to what the other was saying and doing. Rather, it suggested that each was moving according to its own schedule and concerns.

On Tuesday alone, the Russians were hyperactive. • They announced that they would resolve 36 cases of divided families, allowing 117 Soviet citizens to emigrate in the largest move toward uniting relatives since the 1950's. The State Department called it "a significant step" that gives "real meaning" to the November 1985 Reagan-Gorbachev summit pledges on human rights. It was unquestionably a big decision for Moscow, given its disquiet with human rights issues. Nevertheless, it could be asked whether the announcement was intended as a peace-pipe signal to Washington or as a distraction from the fallout after the Chernobyl nuclear accident.

• They at least acquiesced as East Germany imposed new passport controls on diplomats visiting East Berlin. This was the latest effort to chip away at Western rights in the divided city. The West "cannot tolerate" this, Secretary of State George P. Shultz said.

• Mr. Gorbachev met with Vice President Abdel Halim Khaddam of Syria and Abdel Salam Jalloud, the top deputy to Col. Muammar al-Qaddafi of Libya, and reaffirmed Moscow's commitment to supply both countries with arms.

With the Libyans, Mr. Gorbachev called for a "high level of defense capacity" and "condemnation of those pretexts that imperialists use, especially terrorism," to employ force. Some diplomats said this meant: "We'll give you more and better arms if you don't provoke the Americans and put Soviet prestige on the line again." But the importance of the Arab-Soviet meetings was not yet clear. Perhaps Moscow's main message to the Libyans and Syrians was to exercise restraint. Perhaps it was that, if they did so, and the United States again used force, Moscow would help out. Perhaps it was to indicate their support of terrorism while urging caution.

It was on arms control, however, that the words from Moscow seemed most tantalizing. The Russians announced a unique agreement with a private American group. As outlined, American scientists would be permitted to staff stations in the Soviet Union to monitor underground nuclear tests if comparable facilities in the United States were provided for Soviet scientists.

The Administration did not comment, but officials said an interesting approach had emerged to the important issue of on-site inspections.

Propositions at Geneva

In Geneva, meanwhile, Soviet negotiators placed new and interesting propositions on the table last week. Administration officials said the Russians had formally offered to begin reducing offensive nuclear forces if both sides agreed to abide strictly by the Antiballistic Missile Treaty of 1972 for an extended period, perhaps 15 to 20 years. And they seemed to be suggesting that both sides would be permitted to conduct scientific research on defensive systems.

This appeared to modify Moscow's familiar insist-

ence that both sides must renounce new defenses outside the limits of the ABM Treaty, specifically banning programs associated with President Reagan's Strategic Defense Initiative. Some Administration officials said the Russians were still acting to subvert Mr. Reagan's defensive weapons approach. But there was a sense in some Administration quarters that Moscow was moving.

The Administration, meanwhile, appeared to be walking away from its commitment not to undercut the unratified SALT II treaty as long as Moscow followed the same policy. Yes, the President had ordered the dismantling of submarines to keep the United States within the SALT II limits. But, so the explanation went, this was done for budgetary reasons, not because of the treaty.

More portentously, the Administration said it would not destroy additional weapons in December to stay in compliance, when additional cruise missiles on long-range bombers would again exceed the treaty limits.

There was an "if" clause, however. Mr. Reagan might reconsider if the Soviet Union "will use this time to take constructive steps." The steps were not spelled out, except to say that the Russians should stop their alleged cheating on previous agreements.

Defense Secretary Caspar W. Weinberger said the Administration was "no longer bound" by the treaty and Mr. Shultz backed him up at the NATO foreign ministers meeting in Halifax, Nova Scotia. Allied leaders expressed alarm. And in Moscow, the Soviet Government said it, too, would abandon the treaty weapon ceilings if the United States did so.

More had been said and done in the last few days than either side has yet been able to digest. But as the process of analysis got under way, there was a sense in Washington that important things had happened.

Prosecuting Without a Corpus Delicti

The Pelton Trial Leaves Most Questions Unanswered

By STEPHEN ENGELBERG

ONE of the most dramatic moments in a murder trial occurs when the prosecution shows pictures of the bloodied victim. The sobering tableau — the dead body, the family quietly sobbing in the courtroom — gives the jurors something to ponder as they weigh the evidence in the case.

Last week, at the Baltimore trial of Ronald W. Pelton, a former intelligence official charged with espionage, the prosecutors tried to show the jury a picture of the victim, the national security. But it was a photograph taken from a great distance, and the Government's difficulties in laying out its case illustrated the dilemmas faced by the state in virtually all espionage trials.

There is generally no documentary evidence. There are usually no witnesses. And much of the evidence that could explain the significance of the case is classified material, the disclosure of which is problematic.

All of these difficulties were outlined in sharp relief as the prosecutors in the Pelton case called to the witness stand three officials of the National Security Agency, for which Mr. Pelton once worked. One of the most secretive arms of the Government, the agency is responsible for intercepting and decoding all types of communications.

The witnesses referred to operations at issue in the case only as Projects A, B, C, D and E. Even the code names were not mentioned. The witnesses talked in vague terms about "a specific set of equipment" used to eavesdrop on "a particular communications link." The jury heard about unspecified locations and episodes. Much of the discussion was in hypothetical terms.

Vague though the testimony was, the classified information it touched upon was considered so sensitive that how much to release was a matter of sharp dispute inside the Reagan Administration. After the first day of the trial, the Director of Central Intelligence, William J. Casey, and the head of the N.S.A., Lieut. Gen. William Odom, cautioned reporters against "speculation" based on the testimony, urging reporters to consider "very, very carefully" any plan to use material "beyond the very



Ronald W. Pelton (center) after a session of his trial last week in Federal court in Baltimore.

As civil liberties groups and journalists reacted with anger to the unusual warning about coverage of a public trial — which followed threats last month that news organizations might be prosecuted for unauthorized disclosures of classified or sensitive information from other sources — General Odom and Mr. Casey appeared to

back off. Mr. Casey, for example, said that officials had not "made ourselves always as clear as we might be" and denied any intent to "scuttle the First Amendment."

Mr. Pelton, a mid-level technician who was paid \$24,500 a year, left the security agency in 1979. The prosecution charges that six months later — in January 1980 — he began giving Soviet agents an extensive picture of this country's ability to intercept Soviet communications. According to the prosecutors, Mr. Pelton met with Soviet agents at their embassy in 1980 and was subsequently flown to Vienna twice for extensive debriefings.

Nearly all of the evidence against Mr. Pelton has come from statements he made to two agents of the Federal Bureau of Investigation last year. His defense lawyer, Fred Warren Bennett, argues that the statements were elicited by trickery and has produced through cross-examination Government testimony that some classified material could be disclosed without harm.

Under the espionage laws, the Government need not prove that an accused spy damaged national security. The laws require only a showing that the individual had "reason to believe" that the information provided could be used to the advantage of a foreign power or to harm the United States.

William P. Crowell Jr., the senior official in charge of N.S.A.'s branch for intercepting and decoding Soviet communications, tried in his testimony to outline the damage that would be caused by Mr. Pelton's alleged revelation to the Soviet Union of Projects A, B, C, D and E. He also explained the possible significance of telling Soviet agents about a 1978 report Mr. Pelton wrote describing how much the agency knows about the characteristics of many of the signals it intercepts, contending that this material would help the Russians secure their communications from American eavesdropping.

Imprecise Pinpoints

Mr. Pelton has been described in testimony as a man with an extraordinary memory for technical details, but no one other than the Soviet agents to whom he allegedly talked or Mr. Pelton himself can say how much of the 60-page document, written in 1978, he was able to recall in meetings that allegedly took place one and two years later. Mr. Crowell acknowledged that Mr. Pelton had been several hundred miles off in pinpointing in interviews with F.B.I. agents the site of a Soviet communications link intercepted in Project A.

But, Mr. Crowell said, even information that inaccurate would have been sufficient to help the Soviet Union identify the site and take countermeasures.

How could Soviet technicians do so?

Like many other questions, that one was left unanswered as the prosecution concluded its case.

Death and Destruction In South Africa

SINCE its formation in 1975, the sprawling squatters' camp known as Crossroads has been a symbol of defiance. In the last two weeks, it has also been the scene of some of the worst of the violence that has convulsed South Africa for nearly two years. It was not clear how the fighting started, but when it ended more than 30 were dead, more than 100 were injured and perhaps 30,000 were left homeless. Last week, as a dozen Government bulldozers cleared debris from the 62-acre camp outside Cape Town and army units put up barbed-wire barricades, charges flew about who was to blame.

Critics of the white minority Government said the police and army officers had stood by as black conservative vigilantes, known in Afrikaans as "widoekes" after the white arm-bands they wear, attacked black radicals called "the comrades." It was a systematic effort, some critics said, to depopulate sections of the shantytown where the radicals held sway. According to residents, the area destroyed in the fighting had been under radical control.

Chris Heunis, the Cabinet minister responsible for Crossroads, said those made homeless by the fighting would not be permitted to return. He added that the reduction in the population of the camp, where over the years more than 100,000 blacks had settled in spite of laws limiting their movements and Government efforts to persuade them to leave, would permit the authorities to proceed with plans to make improvements at Crossroads.

Philippine panel starts to write Constitution

The World

Contra Moderates Are Dealt a Stronger Hand

Peace seems to have broken out between rival factions of the contras, the guerrillas opposing the Sandinista Government in Nicaragua. After months of bickering and weeks of bargaining, an accord was reached in Miami last week that seems to strengthen the role of Arturo Cruz and Alfonso Robelo — who are willing to consider a negotiated settlement with the Sandinistas — and weakens that of Adolfo Calero — an ideological conservative whose allies believe the Managua regime must be overthrown militarily.

Under the accord, a majority of the three leaders, rather than all of them acting unanimously, will be able to make certain key decisions, such as dismissing military leaders. Thus, Mr. Calero will no longer be able to block changes sought by Mr. Robelo and Mr. Cruz. A consensus will still be needed for other matters, however.

Despite charges that the rebels have failed to attract popular support — in part, some say, because National Guardsmen from the overthrown Somoza Government have been retained as key commanders — the rebels' military hierarchy will remain intact.

However, a human rights commission will be created to investigate charges of abuse by rebel units, and its findings will be binding on the rebel directorate.

The agreement seems likely to boost White House hopes for Congressional approval of \$100 million in mostly military aid to the rebels. In Washington last week, the President of Honduras, José Azcona Hoyo, said his country would face "an extremely serious problem" if the aid is voted down.

Last weekend, at a summit in Guatemala, Mr. Hoyo and leaders of four other Central American states tried, apparently without complete success, to agree on a common approach to the region's conflicts.

Although their communiqué included their intention to accept a peace treaty known as the Contadora pact, officials doubted it would be initiated by the June 6 deadline.

Chernobyl's Toll Continues to Rise

Not so many years ago, the Kremlin scorned rock music and the rest of bourgeois art imported from the decadent West as a waste of time enjoyed by hippies, hooligans, parasites and "nekulturniye" — uncultured citizens. Five weeks after the nuclear accident at Chernobyl, however, Soviet authorities urged Muscovites to attend a rock concert last week to raise money for the victims of the disaster.

The reported number of accident-caused deaths rose to 23. Western diplomats in Moscow were warned yesterday not to eat local veal and pork after radiation in a sample of veal was tested in Paris and found to be six to 10 times the level considered safe. Soviet officials have insisted that meat, produce and dairy products in state stores and markets are safe.

Also last week, a senior Soviet official, Valentin Falin, said in West Germany that the Soviet Union needs "all medical means available" to help the victims of the accident. Mr. Falin, a former ambassador who heads the Novosti press agency, also said the Russians were willing to accept international safety standards for nuclear reactors. He said the standards should be "the same for all countries."

The Moscow concert, the first rock music benefit in Soviet history, drew 30,000 spectators to the capital's olympic indoor stadium. Their relative calm during the concert and quick exit at its end suggested that they had been officially encouraged to attend.

"Kiev and Chernobyl, we're with you," declared Alla Pugacheva, one of the nation's most popular singers. It was officially reported that the concert raised the equivalent of about \$125,000 for Account No. 904, as the disaster relief fund is named. Meanwhile, Soviet officials had still not produced a complete explanation of what happened on April 26 at the Ukrainian reactor. But an American nuclear official disclosed that the Russians have promised a detailed accounting of the accident this summer. The official, Harold R. Denton, director of reactor regulation at the Nuclear Regulatory Commission, said last week that Soviet officials had also confirmed, at a meeting two weeks ago in Vienna, that the reactor was being used in experiments at the time of the accident. The nature of the experiments has not been disclosed.

Dominicans Vote For Happy Days

For many voters in the Dominican Republic, the former President, Joaquín Balaguer, is a reminder of happier days when the country's sugar exports brought good prices and a bit of prosperity. Last week, Mr. Balaguer, now 78 years old and unable to read because of failing eyesight, was acclaimed as President for the fifth time in a career that goes back 54 years.

Jacobo Majluta, the president of the Senate, reluctantly — and for the sake of national "security and tranquility" — conceded defeat after citing irregularities in the closely fought race. With two million votes cast, preliminary totals showed Mr. Balaguer finishing ahead of Mr. Majluta by 43,226.

Mr. Majluta's Dominican Revolutionary Party held power during recent years when the economy was squeezed between high prices for imported oil and low prices for sugar.

Mr. Balaguer — who has written nearly 50 books, including poetry, histories and memoirs — was supported by conservative farmers, businessmen and poor fieldhands. He conducts his affairs with the help of aides who read to him and carry out his orders. First appointed President by the dictator, Gen. Rafael Leonidas Trujillo Molina, in 1960 after 29 years in Government service, Mr. Balaguer was forced out after General Trujillo was assassinated. He came back to win presidential elections in 1966, 1970 and 1974.

Milt Freudenheim,
James F. Clarity
and Richard Levine

Doctors in Ontario Strike Over Fee System

ABOUT 75 percent of Ontario's 17,000 doctors went on strike for two days last week. It was the latest round in their fight to stop the provincial government from setting limits on physicians' fees.

The doctors refused to see patients except for those involved in emergencies or confined to hospitals and caused temporary gridlock in hospital rooms by declining to sign release papers for patients ready to go home. But the tactics seemed unlikely to succeed. Ontario's Liberal Party, with support from the leftist New Democrats, was determined to pass legislation to prohibit physician fees in excess of the amounts covered by Government health insurance.

The doctors, contending that the right to set fees is a guarantee of their professional integrity, say they are considering a strike without a time limit. "I don't think there's any limit on the length of time we could have a strike," said Dr. Earl Myers, president of the Ontario Medical Association.

Other provinces have or are planning similar policies, posing the threat of a Canada-wide conflict. The provincial governments are under pressure from a federal law that will take effect soon. It will cut back the national

Government's contribution to health insurance payments in provinces that allow doctors to charge extra fees.

Canada's national health system, which is run by the provinces, provides care for everyone at an overall cost considerably lower than the American system. Canada spends 9 percent of its gross national product on health care; the United States spends 11 percent of G.N.P. (Until Canada introduced universal health care in 1971, these costs amounted to about 7.5 percent of G.N.P. in both countries.)

The Ontario government contends that private billing by doctors undermines the egalitarian nature of public health insurance, producing a two-tier health system that favors patients who can afford the extra charges. "We do not believe in one kind of medicine for the rich and one kind for the poor," says David Peterson, Premier of Ontario and a Liberal.

The doctors insist that turning over fiscal control to the state would diminish their status as professionals, ultimately undermining the quality of health care. They say they are fighting for a principle, and that 90 percent of Canadian doctors do not submit extra bills now.

— DOUGLAS MARTIN

Soothing Words From Shultz and Meese

Mexico's Bad Image in The U.S., and Vice Versa

By WILLIAM STOCKTON

IT may be a historical footnote for Americans, but Mexicans will never forget that their country was defeated by the United States in the Mexican-American War of 1848 and forced to cede half its territory. They also remember the conspicuous interference of the United States at several points during their revolution beginning in 1910, including the landing of American marines. So relations between the United States and Mexico are marked by the latter's belief that its powerful neighbor to the north is always ready to intervene in its affairs.

Recent events in Washington and Mexico City have driven this lesson home once again. Since a subcommittee of the Senate Foreign Relations Committee heard two days of testimony highly critical of Mexico, the air here has been thick with accusations of foreign intervention.

At the hearings, held in Washington by Senator Jesse Helms, Republican of North Carolina and chairman of the Western Hemisphere subcommittee, Reagan Administration officials accused Mexico of official corruption, narcotics trafficking, electoral fraud and economic mismanagement. The testimony of Customs Commissioner William von Raab was particularly potent. He suggested that relatives of President Miguel de la Madrid were involved in drug trafficking and charged that the governor of the State of Sonora grew marijuana and opium poppies on ranches guarded by Mexican police and soldiers.

Mexico protested to the United States, and every Government official, labor leader and politician who could find a podium rose up to de-

nounce Yankee interventionism. Between 30,000 and 60,000 people marched to the national palace to proclaim Mexican sovereignty. What made the march particularly significant was the cooperation of the ruling Institutional Revolutionary Party and the half dozen leftist parties.

Only the conservative National Action Party, or PAN, did not participate. It argued that one country has the right to discuss the internal affairs of another. This brought angry cries of "Traitor!" and calls for banning the party.

Then Secretary of State George P. Shultz sent Mexico a conciliatory letter and Attorney General Edwin Meese 3d telephoned his Mexican counterpart to deplore the hearings. Mexicans were delighted; they had stood up to the giant, they concluded, and the giant had backed down.

Part of the problem between the two countries is the difference in their politics. Conspiratorial politics has been the Mexicans' legacy for four centuries. The system here is highly centralized, and the President of Mexico wields enormous power during his six-year term. Mexicans assume that the United States functions similarly, so they find it inconceivable that Senator Helms could hold subcommittee hearings without the express permission of President Reagan.

The Need for Care

"It's a game they are playing to give us a message," said one Government official who is not involved in the latest contretemps but who works closely with United States officials on other problems.

"First one of them hits us, and then the other one picks us up," he said. "But we've still been hit. We still hurt."

Mexican officials have defended their drug en-

forcement record by pointing to failures on the United States side. Indeed, American officials said yesterday that domestic production of marijuana and cocaine were at record levels. Just the marijuana eradicated in the United States in 1985 was twice the estimate of all marijuana grown that year in Mexico, they said.

Mexico is the United States' largest supplier of foreign oil and third-largest trading partner. Many officials believe its problems will increasingly occupy Washington's attention. Senior United States officials say Central Intelligence Agency reports have been warning that political instability and widespread violence could be likely if present trends are not reversed.

The report that the C.I.A. was pessimistic about the situation in Mexico seemed to have little impact on officials or the public here. The C.I.A. has a reputation among Mexican officials for issuing dire warnings about the country. Officials are paying more attention to Secretary Shultz's letter and Mr. Meese's comments.

Ambassador John Gavin, who has just ended a five-year tour here, says that within a decade relations with Mexico will occupy half the attention of the Secretary of State.

Such problems as illegal immigration, drug trafficking, a large foreign debt, declining oil revenues, population growth, poverty and insufficient agricultural production are difficult to manage, and require complex solutions.

Officials on both sides of the border say the ties between Mexico and the United States are basically strong and friendly. But the two countries are likely to find themselves increasingly in diplomatic imbroglios like that of recent weeks as Mexico struggles with its problems and the United States watches, sometimes trying to help, sometimes criticizing.

And Mexico will probably always retain a bit of suspicion. Senator Helms has said he plans to hold more hearings about conditions in Mexico. If he does so, Mexican officials will probably decide that the Reagan Administration is condoning the sessions and conclude that the United States has embarked on a more hostile approach to its neighbor, despite its public pronouncements to the contrary.



The Battle of Buena Vista in 1847, during the Mexican-American War, from a painting by James Walker.

Washington's Antiterrorism Campaign Stops Short at Syria

Europe Keeps Up Pressure on Libya

By JAMES M. MARKHAM

IN the seven weeks since American bombers struck at Tripoli and Benghazi, an ambiguous calm has settled over the debate about terrorism, which had badly roiled relations between the United States and its European allies. In this breathing space, President Reagan is getting something like the benefit of strategic doubt in such countries as Italy, Britain and France. Said a senior adviser to Prime Minister Margaret Thatcher, who supported the attack on Libya: "The initial European feeling that it was a bad thing to do what President Reagan did has diminished. There has been a realization that the Europeans also have responsibilities."

This halcyon moment owes much to a pause, for whatever reasons, in terrorist activity that might have revived criticism of the American raids. The subdued tones on both sides of the Atlantic also owe something to the shifting of the discussion from Libya to Syria, a more consequential nation.

The precariousness of the mood is clear, however. What would have happened if, two days after the raids on Libya, an El Al flight leaving London had exploded in midair, killing 400 passengers? Might war have broken out between Israel and Syria, which are locked in a jumpy confrontation on the Golan Heights and in south Lebanon? As it happened, an Israeli security guard discovered a bomb in a carry-on satchel, averting a crisis with heavy implications for Washington and Moscow.

At last month's summit in Tokyo, the seven participating leaders singled out Libya in pledging stern action against terrorism. The expulsion of Libyan diplomats and students from Europe is continuing. Italy, angered by Col. Muammar el-Qaddafi's renewed threats against the minuscule Mediterranean island of Lampedusa, expelled 12 more Libyans last week. And democratic Spaniards were outraged by alleged Libyan attempts to instigate plotting by disgruntled Francoists in the military. Last week, Libya's top diplomat in Madrid was told to leave because of suspicion that he supported terrorists who signed themselves, "The Call of Jesus Christ."

Yet in Washington and Western Europe, there was considerably less enthusiasm for drawing large retaliatory conclusions from terrorist tracks that lead to Damascus. Syria is the Soviet Union's weightiest Arab ally, and its President, Hafez al-Assad, would be a pivotal figure in any Middle East peace arrangement. Both France and the United States are counting on him to use his influence with Iran to obtain the release of the hostages held by Shiite guerrillas in Lebanon. Investigators in Britain, West Germany and

Italy have found what seem to be Syrian fingerprints — or perhaps those of Abu Nidal, a Palestinian indulged by Damascus — on recent terrorist actions. Britain expelled three Syrian diplomats who, it said, refused to cooperate in the El Al bomb investigation. In Italy, however, magistrates decided last week not to move against Syrians, despite indications of Syrian involvement in the December killings at Rome airport.

A Message From Assad

The West Berlin police believe Syria was implicated in the March 29 bombing of an obscure Arab club there. Yet in Bonn, a top official cautioned that jostling for power within Syria, which has five mutually suspicious intelligence services, makes it difficult to hold President Assad responsible. "Even if all trails lead to the Syrian Embassy in East Berlin," the official asked, "to whom do they lead?" Syrian intelligence agents have long been angry about the West German activities of exiles from the opposition Moslem Brotherhood; five years ago, Syrian agents assassinated the wife of a Brotherhood leader in Aachen. Last week, Mustafa Tlas, the Syrian Defense Minister, accused West Germany of "sheltering" Brotherhood terrorists who, he contend-

ed, planned the recent bus bombings in Syria. Meanwhile, in Moscow, Russian leaders assured the Syrian Vice President, Abdel Halim Khaddam, of military aid in light of "escalating threats from U.S. imperialism and Israel."

Syria sought last week to overcome its bad publicity. Visiting Greece, President Assad reportedly asked Prime Minister Andreas Papandreu to convey to NATO leaders Syria's rejection of terrorism. And in an interview with a French radio station, Defense Minister Tlas said Damascus had intervened with Iran and was "certain" the French hostages would be freed.

For West European governments worried about the stagnant Middle East peace process and the erosion of American influence in Arab countries, the Syrian connection suggests a dilemma in Washington's antiterrorist policy. It is one thing to denounce, isolate — and even bomb — Libya, a nettlesome and strategically marginal Arab state. It is another to do the same with Syria, whose alliances and military strength put it at the center of transcendent issues of war and peace. As the hull held on the terrorist front, the Europeans seemed reassured to find the Reagan Administration was being as cautious as they were in its utterances about Syria.



President Hafez al-Assad of Syria (right) with President Christos Sartzetakis of Greece (left) at welcome ceremony in Athens last week.

מקראת האוכל

At U.N., Africa Spells Out Its Shortcomings



Magnus/Chris Steele Perkins

A Continent's Weakening Grip on Survival

PARTLY because of widespread environmental destruction and uncontrolled population growth, Africans are growing less food per capita than they did 20 years ago. The decline has brought a heavy toll in malnutrition, illness and shortened lives. The failures were spelled out last week at a special session of the United Nations General Assembly. President Abdou Diouf of Senegal, chairman of the

Organization of African Unity, termed improving agriculture the "priority of priorities."

To pay for remedies, the organization called on Africans to invest \$80 billion on their own. It urged outsiders to give \$45.6 billion in new aid while forgiving \$35 to \$55 billion in debt over five years.

The richer countries praised the Africans for promising to foster free markets and individual

initiative. But pledges of big money were scarce. "In the United States, our own budgetary constraints dictate major cutbacks in domestic programs as well as international commitments," said Secretary of State George P. Shultz. The Reagan Administration hopes to fend off Congressional cuts and keep economic aid to Africa at \$1 billion a year, well below the level proposed by the Africans.

Brief and painful lives

| | Birth rate per thousand (1983) | Life expectancy at birth, in years (1983) |
|----------------------|--------------------------------------|---|
| U.S. | 16 | 75 |
| Mauritius | 24 | 72 |
| Congo | 48 | 52 |
| Botswana | 24 | 55 |
| Ghana | 48 | 55 |
| Kenya | 35 | 52 |
| Zimbabwe | 53 | 58 |
| Swaziland | 51 | 55 |
| Cameroon | 48 | 54 |
| Lesotho | 42 | 53 |
| Ivory Coast | 46 | 52 |
| Tanzania | 50 | 51 |
| Zaire | 46 | 51 |
| Zambia | 50 | 51 |
| Gabon | 35 | 50 |
| Liberia | 48 | 49 |
| Madagascar | 47 | 49 |
| Nigeria | 50 | 49 |
| Togo | 49 | 49 |
| Uganda | 50 | 49 |
| Benin | 49 | 48 |
| Central African Rep. | 41 | 48 |
| Sudan | 46 | 48 |
| Burundi | 47 | 47 |
| Ethiopia | 41 | 47 |
| Rwanda | 52 | 47 |
| Mauritania | 43 | 46 |
| Mozambique | 46 | 46 |
| Senegal | 46 | 46 |
| Niger | 52 | 45 |
| Mali | 48 | 45 |
| Somalia | 50 | 45 |
| Burkina Faso | 47 | 44 |
| Malawi | 54 | 44 |
| Angola | 49 | 43 |
| Chad | 42 | 43 |
| Guinea-Bissau | 47 | 38 |
| Sierra Leone | 49 | 38 |
| Guinea | 47 | 37 |
| Gambia | 49 | 36 |

Source: The World Bank
Note: Subject countries vary from one study to another.

Profile in poverty

(1980-82)

| | Daily calorie consumption per capita | Percent of requirement |
|----------------------|--|---------------------------|
| U.S. | 3,630 | 138% |
| Mauritius | 2,811 | 124 |
| Ivory Coast | 2,656 | 118 |
| Congo | 2,466 | 111 |
| Madagascar | 2,522 | 111 |
| Swaziland | 2,636 | 108 |
| Botswana | 2,466 | 106 |
| Niger | 2,462 | 105 |
| Tanzania | 2,409 | 105 |
| Nigeria | 2,444 | 104 |
| Lesotho | 2,355 | 103 |
| Burkina Faso | 1,922 | 102 |
| Burundi | 2,244 | 102 |
| Senegal | 2,364 | 99 |
| Sudan | 2,332 | 99 |
| Liberia | 2,261 | 98 |
| Guinea-Bissau | 2,230 | 97 |
| Malawi | 2,220 | 96 |
| Zaire | 2,155 | 96 |
| Mauritania | 2,186 | 95 |
| Central African Rep. | 2,151 | 95 |
| Benin | 2,142 | 94 |
| Togo | 2,180 | 94 |
| Cameroon | 2,148 | 93 |
| Gambia | 2,223 | 93 |
| Rwanda | 2,115 | 91 |
| Zimbabwe | 2,164 | 91 |
| Angola | 2,110 | 90 |
| Somalia | 2,077 | 90 |
| Zambia | 2,124 | 90 |
| Kenya | 2,036 | 88 |
| Guinea | 1,934 | 84 |
| Sierra Leone | 1,936 | 84 |
| Mozambique | 1,864 | 80 |
| Uganda | 1,781 | 76 |
| Chad | 1,808 | 75 |
| Ethiopia | 1,729 | 74 |
| Mali | 1,749 | 74 |
| Ghana | 1,657 | 72 |

Sources: Food and Agriculture Organization;
World Health Organization
© 1980

Going to sleep hungry

(1984 estimates)

| | Malnourished children 6 to 60 months (in thousands) | Percent of all children 6 to 60 months |
|---------------|---|--|
| U.S. | 1 | 0.2% |
| Mauritius | 2 | 2% |
| Cape Verde | 3 | 5 |
| Gabon | 5 | 10 |
| Ivory Coast | 250 | 15 |
| Cameroon | 240 | 16 |
| Swaziland | 20 | 17 |
| Botswana | 30 | 18 |
| Lesotho | 45 | 19 |
| Togo | 100 | 20 |
| Sudan | 710 | 22 |
| Kenya | 620 | 23 |
| Liberia | 80 | 23 |
| Nigeria | 3,320 | 23 |
| Rwanda | 210 | 23 |
| Guinea-Bissau | 20 | 24 |
| Namibia | 40 | 24 |
| Senegal | 240 | 24 |
| Zaire | 270 | 24 |
| Zimbabwe | 350 | 24 |
| Burundi | 190 | 25 |
| Congo | 70 | 25 |
| Madagascar | 400 | 25 |
| Tanzania | 870 | 25 |
| Benin | 180 | 26 |
| Niger | 280 | 26 |
| Zambia | 300 | 26 |
| Uganda | 690 | 27 |
| Sierra Leone | 180 | 28 |
| Somalia | 250 | 28 |
| Mozambique | 570 | 29 |
| Angola | 400 | 30 |
| Mauritania | 100 | 30 |
| Malawi | 380 | 31 |
| Gambia | 40 | 34 |
| Mali | 440 | 34 |
| Chad | 280 | 36 |
| Guinea | 330 | 36 |
| Ethiopia | 2,230 | 37 |
| Burkina Faso | 520 | 40 |

Source: Cornell University

Terrorists and the Law

Hard Looks For Israel's Chief of Security

By THOMAS L. FRIEDMAN

JERUSALEM

THE struggle between Prime Minister Shimon Peres and Attorney General Yitzhak Zamir over whether the police should investigate the head of Israel's domestic intelligence service touches some of this country's deepest ethical dilemmas: Can military and security officials, in the heat of a terrorist attack on civilians, be realistically expected to deal with terrorists as armed, mortal enemies until a capture, then suddenly choke off emotion and treat them calmly, according them the rights the law implies? Can any society expect its officials to make such swift transitions and distinctions? But without insisting upon such distinctions, what kind of society would Israel be?

These questions were raised last week by reports that the Attorney General had collected evidence that Avraham Shalom, the head of the domestic intelligence service, the Shin Beth, may have ordered, then covered up, the killing of two Palestinian terrorists captured during the rescue of a bus they hijacked in April 1984.

Attorney General Zamir insists that the alleged cover-up be investigated as vigorously as if it involved any other person, maybe even more so because of the key role the Shin Beth plays in bringing evidence against criminals in court. The nation's security, he argues, cannot be built on an organization that is allowed to lie and alter evidence — even evidence related to the deaths of hijackers.

"In this affair there are people who are taking the name of security of the state in vain," Mr. Zamir told reporters. "They present the matter as if there are people who are concerned about the state's security on the one hand, while on the other hand there are the jurists, the squares, the gray people with limited horizons. We are talking about the ethics and credibility of the Shin Beth. If its credibility is damaged, this will be a severe blow to state security."

It is still too early to know whether the defense of the head of the Shin Beth mounted by Mr. Peres and Foreign Minister Yitzhak Shamir is based entirely on matters of principle. Mr. Shamir was Prime Minister when the bus hijacking took place, and there are increasingly frequent press reports that he approved the alleged cover-up.

Either way, most of the Cabinet ministers not involved in the affair, as well as much of the public, supported Mr. Peres when he made an impassioned speech before the Knesset last week in which he wondered aloud how the Shin Beth chief, who had devoted his entire life to "protecting the security of the state," could be destroyed simply because of an alleged impropriety in the handling of two terrorists.

To reject the letter of the law could mean undermining the society from within, Mr. Peres has argued, but to reject the Shin Beth could mean undermining the agency that protects society against those who would destroy it from without.

To be sure, the existence of such a wrenching debate is an indication that the long struggle for survival has not left Israel morally numb. But many liberals argue that it would be unfortunate if the nation contented itself with debate, then let the matter die in yet another secret commission of inquiry.

There has been a tendency in Israel to rely upon such commissions to deal with every major allegation of political or military wrongdoing — from the massacre of Palestinians in Beirut refugee camps in 1982 to the recent banking scandal to failures in the 1973 war. None of the commissions has produced satisfactory results. This is in part because politicians have always tended to compromise on their conclusions, doing only partial justice. But it is also because the commissions have tended to focus almost entirely on finding individual "culprits" rather than examining larger issues such as how decisions are made and what social and political values can lead a country into disastrous wars, the mistreatment of prisoners or massive financial improprieties.



Hadassah photo by Alex Litvak via Associated Press
One of two Palestinians who were killed after hijacking a bus in 1984, in custody of security men. The agents' faces have been obscured by Israeli censors.

Philippine Commission Begins Drafting a Constitution

Aquino Is Working on Some Laws to Rule By

By SEITH MYDANS

MANILA

AT their first informal meetings last week, members of the Philippines' new constitutional commission spent hours arguing over whether to arrange their offices alphabetically, what to wear at the opening ceremony tomorrow and whether to address one another formally.

The 50-member commission still needs to appoint a chairman, name 15 standing committees and adopt its rules of procedure before it can begin to shape the nation's constitutional future.

After the first day, Lino Brocka, a film director and member of the commission, said: "I don't know if I can take three months of this." In three months President Corazon C. Aquino hopes the commission, which she appointed last week, can draft a new Constitution to replace the charter that was passed by a show of hands in 1973, soon after former President Ferdinand E. Marcos declared martial law. Mrs. Aquino is hurried because until

there is a new Constitution, she will rule under even broader powers than did Mr. Marcos, whom she calls a dictator, and her self-proclaimed Government remains on shaky legal ground. The Rev. Joaquin G. Bernas, a delegate who is rector of the Jesuit College of Ateneo and a trusted adviser of the President, said last week that Mrs. Aquino's proclamation scrapping the Marcos Constitution and taking over all lawmaking powers amounted to a dangerous concentration of authority.

Only after the Constitution has been drafted and approved in a national plebiscite can elections be held for a new legislature and for thousands of governors, mayors and council members. Indeed, as she approaches her 100th day in office this week, Mrs. Aquino remains under public pressure to solve all the country's problems at once, from its ruined economy to its Communist insurgency. In assessing her performance, analysts here fall back embarrassingly often on the cliché about the glass that is either half full or half empty. But as the weeks have passed, and the Philippine people have become accustomed to her unassertive style of leadership, it has also become evident that Mrs. Aquino has, indeed, a

clear sense of priorities and that she is prepared to exercise the powers of her office.

It is Mrs. Aquino, the neophyte leader, who has determined the immediate shape of the post-Marcos Philippines, declaring a provisional Government that abolished the 1973 Constitution and with it the Legislature, and performed a quick housecleaning of the judiciary. She has set new priorities for the military and opened an entirely new approach to the insurgency, inviting it to cease firing and join a dialogue; her Cabinet is discussing a far-reaching economic plan that would favor private industry and focus on rural development.

The Power of the President

The constitutional commission itself is a demonstration of the power the President is prepared to exercise. Shortcutting the more democratic but slower option of electing delegates to a constitutional convention, she selected the commission herself.

In addition to the film director, Mr. Brocka, it includes educators and a student, human rights advocates and conservative politicians, lawyers, businessmen, a

radical peasant activist, an anthropologist and representatives of various religious groups. Known Communists are notably absent. Mrs. Aquino is said to have told her advisers that she wanted their views represented in the commission, but did not want to include controversial, high-profile Communist figures.

This mix is representative of Mrs. Aquino's style of consensus leadership, of her vision that "we are all Filipinos" and of her continuing ability to hold the respect and allegiance of opposing political groups.

The constitutional commission has contentious issues to resolve, among them whether foreign bases should be banned. The United States has two large and vital bases in the country, and their presence has been a rallying symbol for nationalists. The commission is also expected to debate such issues as a socialist approach to private property, the structure of the executive branch and the powers of the Presidency. Muslim members may press for some form of federalism or autonomy for the southern island of Mindanao, where their religion is concentrated. The commission may also consider the delicate issue of the Philippines' claim to Malaysia's Sabah state.

Some senior members are pressing for strict limits on presidential power to assure that no future leader can easily declare martial law or arrogate the authority wielded by Mr. Marcos.

The Nation

The Political Lineup for 1986 and Beyond

For both parties last week, the politics of 1986 seemed as prominent as the elections of 1986. The first steps in Michigan's selection of convention delegates sent a signal that the religious right is emerging as a new force in the Republican party. And the decision by a tenth state, Maryland, to join the growing regional primary movement gave the generally conservative South new strength in the Democratic Presidential nominating process.

In Michigan, the Rev. Pat Robertson, a television evangelist from Virginia Beach, Va., scored a coup that deprived two of the Republican Party's major Presidential hopefuls of a clear victory. In an embarrassment to the supporters of Vice President Bush, who is regarded as the front-runner, Mr. Robertson's forces matched them in recruiting candidates for precinct delegate slots by last week's filing deadline. Partly because of Mr. Robertson's effort, Representative Jack F. Kemp of upstate New York fielded a smaller group of candidates, thus missing an opportunity to establish himself as a conservative alternative to Mr. Bush. Mr. Robertson's success was said to make it more likely that he will mount a full-scale effort for the Republican nomination.

In Maryland meanwhile, Gov. Harry R. Hughes, a Democrat, signed a bill that moves the state's

primary from early May to March 8, the same date chosen by nine other Southern and border states so far. The regional primary movement was started after the 1984 election by Southern Democrats who saw it as an opportunity to throw their weight behind a centrist candidate acceptable to Southern voters. Other big-population states, including California and New Jersey, are talking about moving their primaries up, leading some analysts to worry that the nomination could be decided before most voters begin to pay close attention to politics.

As for 1986, primaries in three states last week provided few surprises. In Arkansas, Gov. Bill Clinton won the Democratic nomination for the Statehouse, easily defeating former Gov. Orval Faubus, who rose to national prominence as a symbol of segregation in the 1950's.

In Idaho, Connie Hansen finished second in a five-way race for the Republican nomination for the House seat held by her husband, George, until he was convicted of falsifying financial disclosure documents. And in Kentucky, Jackson Andrews, a Republican, won the right to face Senator Wendell H. Ford, who was unopposed for the Democratic nomination. "I'm not foolhardy," said Mr. Andrews, a Louisville lawyer. "I admit to being brave."

One Prosecutor Is Appointed. . .

Michael K. Deaver got last week something that he says he wants —

the appointment of a special prosecutor to investigate allegations that he turned knowledge and access acquired in public service too quickly to the benefit of private clients, violating a variety of Federal conflict-of-interest statutes.

Mr. Deaver, a longtime friend of President and Mrs. Reagan, left his job as deputy White House chief of staff a year ago to build a multimillion dollar lobbying business, but only this month turned in his White House pass. The Justice Department's report to the special three-judge Federal court that names independent counsel cited only his lobbying for the Governments of Canada and Puerto Rico as possibly involving "offenses" under criminal law. But the Department asked that "all other allegations" it had received, including those from the Office of Government Ethics, five Democratic Senators on the Judiciary Committee and the General Accounting Office, also be looked into.

The investigator will be Whitney North Seymour Jr., a New York lawyer and former United States Attorney for the Southern District of New York. A moderate Republican, he has made several electoral forays, and lost a Senatorial challenge to the incumbent, Daniel Patrick Moynihan, in 1982.

... Another Resigns

Mr. Seymour is the sixth special prosecutor named since the ethics law was enacted in 1978. In the four cases that have been completed, the targets have been cleared. One, former Labor Secretary Raymond J. Donovan, accused of ties to organized crime, was separately indicted by a Bronx grand jury.

The fifth inquiry is into allegations that a former assistant Attorney General, Theodore B. Olson, gave false testimony about withholding Environmental Protection Agency documents from Congressional investigators looking into allegations of political manipulation in the toxic waste cleanup "superfund."

The prosecutor in that case, James C. McKay, a Washington lawyer, resigned last week. "While I have no actual conflict of interest in connection with this investigation," he said in a statement, "the appearance of a conflict of interest conceivably may exist because of advice given by another member of my firm in an area which might be considered to have a relationship to this investigation."

A New Allegation Of Insider Trading

The Government's crackdown on insider trading continued last week with the indictment of four young Wall Street professionals — a lawyer, a stockbroker and two financial analysts — and a client of the stockbroker's. They were accused of trading in stocks and options on the basis of closely held information stolen from the files of a New York law firm that represents many large corporations.

The indictments, returned by a Federal grand jury in New York, marked the second big insider-trading case in recent weeks. On May 12, the Securities and Exchange Commission accused Dennis B. Levine, a former Wall Street takeover specialist, of using insider information to

buy or sell 54 securities.

Last week's charges involved the alleged use of confidential information about six proposed or anticipated corporate takeovers that the lawyer, Michael N. David, took from his former employer, Paul, Weiss, Rifkind, Wharton & Garrison, between November 1985 and March of this year. The others indicted include two securities analysts, Andrew D. Solomon of Marcus Schloss & Co. and Robert Salisbury of Drexel Burnham Lambert & Co.; Morton Shapiro, a stockbroker at Moseley, Hallgarten, Estabrook & Weeden, and Daniel J. Silverman, a client of Mr. Shapiro's.

Meanwhile, a Federal appeals court in Manhattan upheld last week the fraud convictions of R. Foster Winans, a former Wall Street Journal reporter, and two co-defendants. In a 2-to-1 ruling, the court agreed that the three had violated securities laws by trading on Mr. Winans's advance knowledge of "Heard on the Street," a column to which he was a regular contributor. Mr. Winans's lawyer, Don Buchwald, said he would appeal. Mr. Buchwald had argued that even if Mr. Winans violated the Journal's conflict-of-interest policy — which prohibits stock

transactions that draw on information not yet published — that did not run afoul of Federal securities laws.

And Now It's Down to Three

The news was gladly received east of the Mississippi: The Reagan Administration had selected three potential sites for a nuclear waste dump — in Nevada, Washington and Texas — and suspended plans for a second repository.

After the Department of Energy announced in January that it was considering sites in seven Eastern and Midwestern states, many nearby communities objected loudly and clearly. Last week Energy Secretary John S. Herrington said one repository would suffice for the foreseeable future and planning for a second site, if one is ever needed, would start from "square one."

The underground dump, which must be geologically impermeable and have a life expectancy of thousands of years, will be used to store highly radioactive waste from nuclear utilities and weapons plants. The repository is to start receiving waste in 1998; the three potential sites are Deaf Smith County, Tex., Yucca Mountain, Nev., and the Hanford Nuclear Reservation in Washington state.

Another disposal project — an experiment involving the incineration of toxic wastes at sea — was suspended by the Federal Government last week. The Environmental Protection Agency denied a permit for a "research burn" off the New Jersey coast by a company studying disposal techniques for polychlorinated biphenyls, or PCB's. The E.P.A. had issued a proposed permit, then solicited comments at public meetings in New Jersey, Pennsylvania, Delaware and Maryland. In announcing its decision last week, the agency said that while the incineration technology had not been found unsafe, "important legal, policy and technical issues" still had to be resolved.

Michael Wright and Caroline Rand Herron

Verbatim: A Raise for Congress

"Members of Congress are the 535 members of the board of the largest corporation in the world. We have to have the guts to say to people openly, 'Would you trust your assets and your future to folks you weren't willing to pay for that responsibility?' I'm willing to stand up and say that we do a job worth a significant amount of money. If I'm defeated as a result of saying that, then the person who defeats me is going to get paid what he or she is worth."

Representative Dan Lungren

Republican of California, discussing the need for a Congressional salary increase.

Eavesdropping on New Technologies



David Ross Johnson

The Wiretapping Law Needs Some Renovation

By LINDA GREENHOUSE

WASHINGTON
LAWS, like technology, can grow obsolete. That is particularly true of laws that deal with technology. It is only 18 years since Congress passed the statute that prohibits tapping a telephone without a search warrant. But that law protects an ever-shrinking portion of a communications universe that has grown to include electronic mail, cellular telephones and other devices unknown to its drafters in 1968.

Now Congress is moving to narrow that gap with a bill that cleared a House of Representatives subcommittee last month and may reach the floor within the next few weeks. The progress of the measure is the result of an unusual coalition of civil liberties and industry interests, both of whom see much to gain from protecting new kinds of communication.

The 1968 wiretap law, which the Electronic Communications Privacy Act of 1986 would amend, protects "aerial" communications transmitted by wire and capable of being understood by the human ear, but technology that falls outside that definition is either clearly unprotected or in a legal limbo.

Electronic mail — that is, messages sent between computers within a company or from one computer to another over a commercial network — is actually more vulnerable to official or competitive snooping than the old-fashioned telephone system. While telephone companies keep records of the numbers their subscribers dial, they do not record the conversations. But electronic mail services routinely keep "back-up" copies of all messages as protection against computer problems.

Cellular telephones, which are used primarily in cars and operate by radio signal, are also more vulnerable than ordinary phones that rely on wires. Conversations involving them can be picked out of the air with scanning devices available for about \$600.

Both of the new technologies are growing rapidly. There are 350,000 cellular telephones in use, and the number of messages sent by electronic mail, now in the hundreds of millions annually, is expected to reach the billions within a few years.

If Congress does not act, the courts will eventually sort out on a case-by-case basis the level of protection

these new devices will receive. Representative Robert W. Kastenmeier, the chairman of the Subcommittee on Courts, Civil Liberties and the Administration of Justice, which voted unanimously in favor of the new measure two weeks ago, says Congress has to choose between making policy and abdicating that role to the judicial and executive branches. Mr. Kastenmeier, a Wisconsin Democrat who has been at the forefront of this issue for years, sponsored the bill now under consideration.

Its sponsors in the Senate, where hearings were held late last year, are Senators Patrick J. Leahy, Democrat of Vermont, and Charles McC. Mathias Jr., Republican of Maryland.

Under the bill, law enforcement officials would need warrants demonstrating probable cause to believe that a search would reveal evidence of a crime before they could intercept electronic mail less than six months old. Most users of such services keep messages only a few months. The bill makes it somewhat easier to obtain older messages, requiring a subpoena or court order based on reason to believe that information "relevant to legitimate law enforcement purposes" would be found.

The bill clarifies the wiretap act to specify that cellular telephones are to be treated like their traditional counterparts, with warrants required to intercept conversations. But the measure would not protect cordless telephones, on the theory that users are aware of how easily those conversations can be picked up by radio and do not expect privacy.

The Justice Department originally opposed the bill, which initially included limits on tracking devices and other surveillance technology that Federal authorities use regularly. Since those sections were dropped, the department has supported the measure.

It is also backed by manufacturers and trade associations. For them, privacy is a pocketbook issue, a question of competitive position. They are afraid that potential customers, with many options to choose from, may shy from new technologies that offer less protection than older ones. For the American Civil Liberties Union, a major force behind the bill, the commitment is philosophical rather than economic. "This is a very good bill," said Jerry Berman, the head of the union's Privacy Technology Project, who worked to bring the business groups together. "It demonstrates that you can put together a privacy coalition and make it work."

Carriers Are Multiplying Faster Than Inspectors

The Other Side of Airline Deregulation

By RALPH BLUMENTHAL

WHEN we deregulated the airlines, we did not deregulate safety," Representative Norman Y. Mineta likes to remind officials of the Federal Aviation Administration, who have been called with growing frequency before his aviation subcommittee. But, the California Democrat invariably adds, the F.A.A.'s difficulties in coping with the profusion of carriers born of economic deregulation has brought "de facto deregulation of air safety."

Agency officials take issue with the characterization. But few people in or outside the agency deny that its capacity to guarantee the nation's aviation safety, mostly by making the airlines police their own operations, has been severely strained. Even the record fines recently levied against Eastern Air Lines, American, Continental and Alaska Airlines, many for alleged improper maintenance, are seen as confirmation that the F.A.A. has failed to meet its enforcement mandate.

The industry cites statistics showing a lower percentage of fatalities now than before deregulation. But critics say that is not an accurate barometer for the future. Last week, because of a near collision May 17, the National Transportation Safety Board called for a special coordinator for runway traffic at Chicago's O'Hare Airport. The F.A.A. had said it would temporarily require controllers going on and off duty to overlap for half an hour.

Since Congress decided in 1978 to dismantle the Civil Aeronautics Board's control over the routes and fares of established airlines, the number of commercial carriers has soared from 153 to 526, according to the Air Line Pilots Association. At the same time, the pilots say, the number of agency safety inspectors assigned to monitor the carriers increased from 605 to 688. Thus, they say, the ratio of inspectors to carriers went from 3.9 in 1978 to 1.3 last year, even as the certification of each new entrant's planes and procedures took the fulltime attention of two inspectors for 45 days.

In the latest in a series of critical reports on the F.A.A., the General Accounting Office reported last month that the deregulation process itself seemed to

have caught the aviation agency unaware. It found that the agency had taken few steps to weigh the effects of deregulation on its workload, examine its inspection needs or set inspection standards.

Between 1978 and 1983, while the number of carriers increased from 153 to 409, the agency, driven by budget constraints, cut its inspector staff 34 percent, the accounting office said. Nor, according to the report, are inspectors always adequately trained: Of the 17 in the agency's Northwest Mountain Region, none had received the training needed to insure compliance with safety regulations, the G.A.O. said. And it concluded that the "F.A.A. at present cannot say with assurance that airlines are complying with safety regulations."

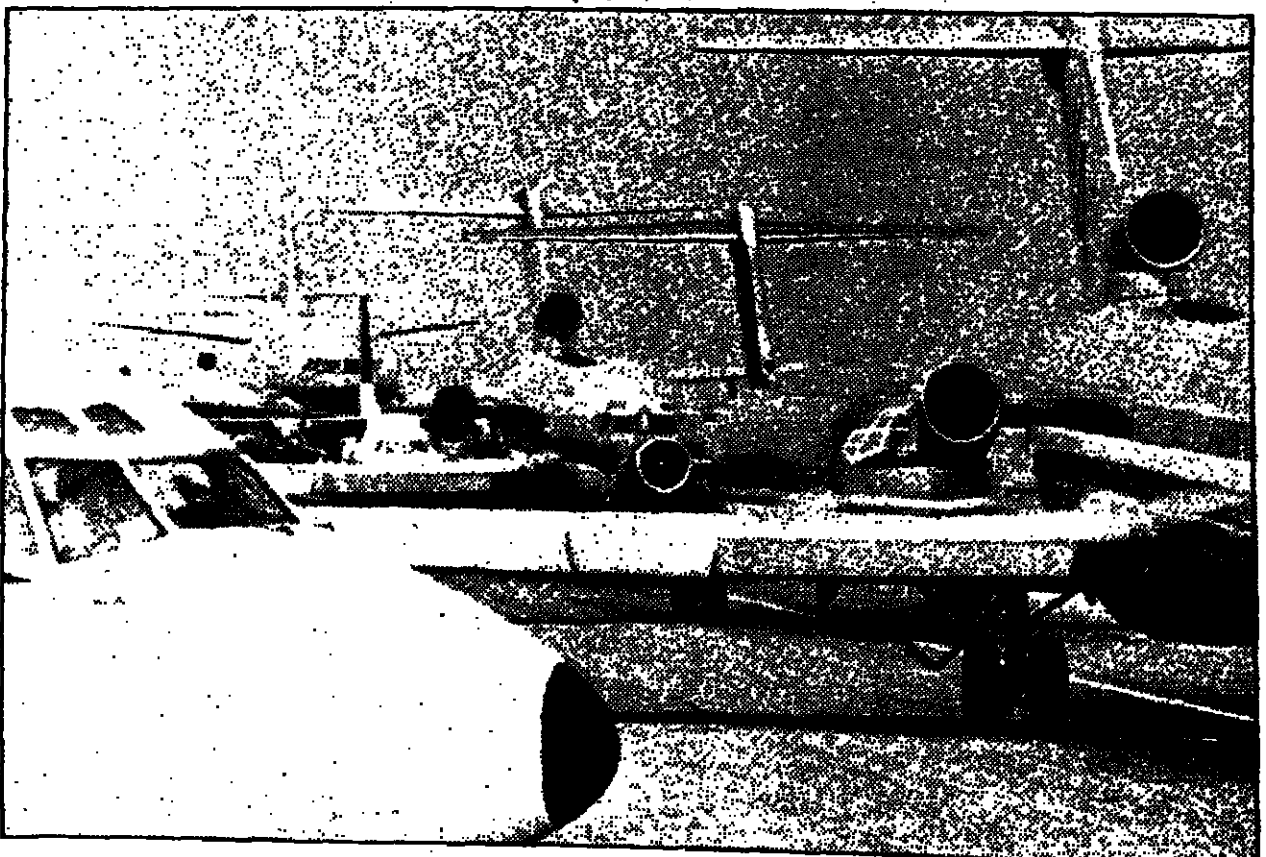
The findings were challenged in part by F.A.A. spokesmen and officials. But the F.A.A. Administrator, Donald D. Engen, told the House aviation subcommittee two weeks ago that "change was not accommodated, perhaps not recognized" until 1983. Mr. Engen, a retired vice admiral, fighter pilot and air safety investigator, said that hiring goals of 500 new inspectors and support personnel over the next two years were being met.

Are Airlines Skimping?

For their part, Congressional critics acknowledge that the F.A.A. was at times stymied by the Office of Management and Budget and the Transportation Secretary. But they also warn that agency hiring is failing to allow for attrition.

Meanwhile, a recent study by The Los Angeles Times questioned why, as the nation's airline fleet ages, the carriers were spending less to find and fix cracks and filing fewer official reports of them. And the Federal Bureau of Investigation has been looking into charges that the F.A.A.'s Western-Pacific Region office and officials in Washington improperly softened a critical inspection report on Continental Airlines.

Mr. Mineta, among others, has voiced sympathy for Mr. Engen's daunting task. Fixing the problems while keeping the nation's more than 4,000 commercial planes flying, he told the Admiral, was like trying to repair a car while it is speeding down the highway. Someone has to climb out the window, open the hood, crawl into the engine and find and fix the flaw — without a crackup. "It's a difficult job — no question," Mr. Mineta said.



Planes waiting for takeoff at La Guardia Airport.

The New York Times/Richard Sanders

Persian Gulf Rediscovered Austerity

Oil's price slide has hit home, but ample coffers are taking the edge off austerity.

By PAUL LEWIS

A DECADE has passed since soaring oil prices transformed the Persian Gulf kingdoms, with their sun-baked mud towns and dusty camel tracks, into an Arabian Nights fairland of air-conditioned palaces, marble shopping malls and six-lane highways trimmed with purple minarets.

But the price of oil has been cut in half in the space of six months. Now the six Gulf states — Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman — which hold half the world's oil still beneath their sands, face an economic upheaval similar to the one they inflicted on the rest of the world a decade ago.

Their combined oil earnings — which account for roughly 90 percent of government revenues — dropped from \$163 billion in 1981 to about \$55 billion last year. And though all of the Gulf states are producing more oil than would be allowed by the quotas set by the Organization of Petroleum Exporting Countries, export earnings will probably fall again this year.

"For 10 years we lived too easily," said Abdullah A. Saudi, head of the Arab Banking Corporation, based in Bahrain. "Now we are being forced to tighten our belt and do some stock-taking. It's good. It's healthy."

Signs of austerity are everywhere. Imports contracted by 20 percent to 30 percent in most Gulf countries last year. Share prices on the Saudi and Kuwaiti stock markets dropped about 40 percent. Real estate prices have tumbled throughout the Gulf, often by as much as 50 percent. New buildings

like Bahrain's plans for a Disneyland-style entertainment park.

Also, all Gulf countries can export part of their troubles by sending home some of the several million foreign laborers who flocked to the region during the boom years. More than one million foreign workers are believed to have left the Gulf in the last 18 months and all countries are clamping down on new arrivals.

Finally, Saudi Arabia, Kuwait and the United Arab Emirates are estimated to have close to \$160 billion in assets — including Government financial reserves of about \$30 billion and gold holdings — to draw on. As a result, the Gulf states have so far adopted a broadly similar approach to their economic difficulties. All are economizing, postponing new projects and reducing government spending. But equally, all are seeking to maintain lavish welfare systems created during the good years, bor-

of office space in Riyadh, the capital.

As the Saudi economy has slowed over the past two years, as many as 1,000 small businesses have closed, according to some estimates. In addition, several major companies reportedly face credit difficulties, including Ghailh Pharo's Saudi Research and Development Corporation, the kingdom's largest private company, with interests in cement, shipping, hotels and engineering.

But the Saudis have gone to great lengths to diversify their economy, and during the decade of high oil prices the kingdom invested in a gleaming, new industrial infrastructure. Most notably, the Saudis spent \$40 billion on a petrochemical complex at Jubail that will eventually be able to meet 5 percent of the world's needs. But Saudi Arabia also exports steel products to the United States and can point to a wide variety of light manufacturing industries.

In addition, some 20,000 miles of modern highways now link all major towns and cities. A modern telephone system provides more than a million lines. Electricity and fresh water have come to the most remote desert villages. Since 1976 the number of full-time students has doubled to more than 2.2 million. The number of doctors has tripled to more than 15,000 in the last six years as the government built 30 new hospitals.

Kuwait

The tiny sheikhdom of Kuwait is little more than a single modern city — about the size of Phoenix — surrounded by barren sand and immense oil fields. With oil output currently running at about half its capacity of 2 million barrels a day, Kuwait is often presented as the Gulf country best

feisty Parliament — the only such assembly still functioning in the Gulf — is opposing efforts to trim Government subsidies that benefit the poor.

At the same time, the six-year-old war between Iran and Iraq deprives Kuwait of much of its traditional trade with Iraq. And the war also compels the Government to maintain military spending, with the Iranian army now occupying the Faw area of southern Iraq only 30 miles from Kuwait's frontier.

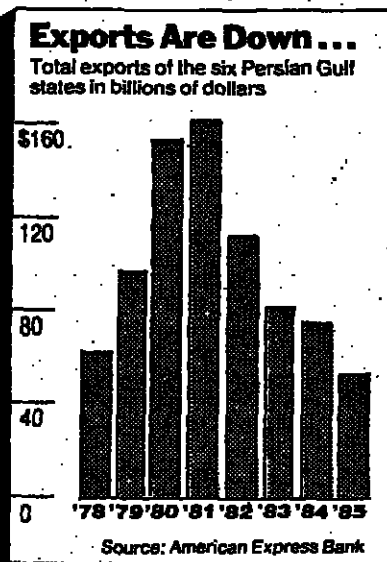
Meanwhile, the Government-controlled Kuwait Petroleum Corporation is recognized as a major international oil company, following its acquisition of the Santa Fe International Corporation and a substantial share of Gulf Oil's European refining and marketing network.

United Arab Emirates

The Emirates comprise a loose federation of seven sheikhdoms at the southern end of the Gulf, with a combined population of 1.3 million — the size of New Orleans — spread over an area the size of Maine. The federation is dominated by Abu Dhabi, which has most of the federation's oil and natural gas, and by the ancient trading port of Dubai. Currently the Gulf's second-biggest oil producer with an output of 1.3 million barrels a day, the Emirates, like its neighbors, has failed to offset the effect of declining oil prices with higher production.

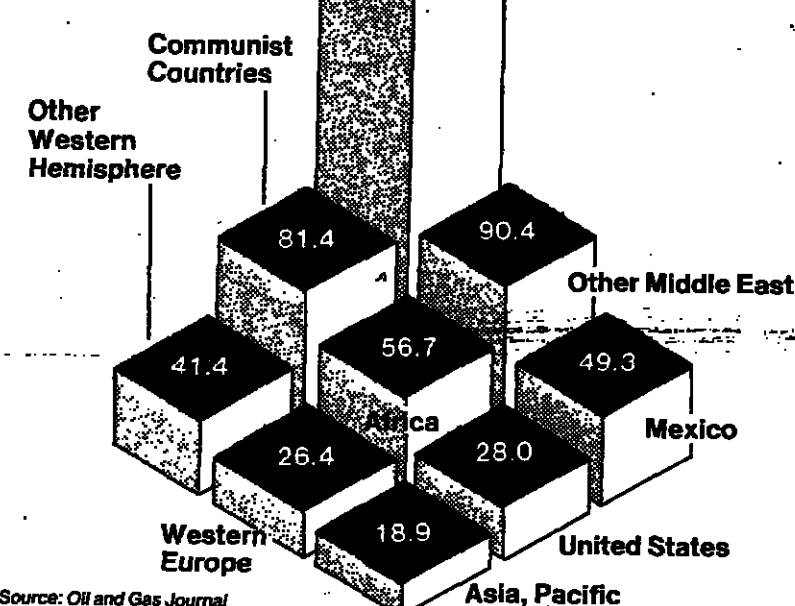
Income from oil and gas slipped from \$19 billion in 1981 to about \$13 billion in 1984, the last year for which official figures are available. Today it is estimated at about \$8 billion annually.

Several other factors are adding to the recessionary forces. With most of the country's industrial foundation



But With Vast Oil Reserves, the Gulf States Can Afford To Be Patient

Total oil reserves, year-end 1985, in billions of barrels



Saudi Arabia

Being the holder of the world's largest oil reserves and the region's biggest oil producer make this country the Gulf's dominant economy. Saudi Arabia, with a population of 10.8 million — about the same as Ohio's — spread over an area a little larger than Mexico, has so far suffered the most in the oil-price squeeze. Falling oil prices mean a decline in oil income again this year, from \$22 billion to a range of between \$16 billion and \$18 billion, despite an increase in output from 2.5 million barrels a day to 4.3 million.

In March, King Fahd postponed publication of this year's national budget until September. But figures released at that time suggest that the kingdom plans to keep public spending at about \$40 billion, less than half the 1980 level, with much of the money coming from reserves, now estimated at \$70 billion.

Government salaries, welfare spending and most subsidies are being maintained, including the lavish aid given desert farmers who have turned Saudi Arabia into a food exporter. But with Saudi financial reserves still under pressure, Gulf bankers believe further austerity is inevitable.

Last year, the Government awarded only \$4 billion in new construction contracts. This year, Finance Minister Mohammed Abd al-Khalil said no major Government contracts would be awarded. Meanwhile, total Government spending on development projects is estimated to have dropped from \$30 billion in 1981 to \$19 billion last year. One reason for the decline is overbuilding. About 150,000 apartments and houses are believed empty in the kingdom, and one banker estimates a 50 percent surplus

prepared economically for the price downturn, thanks to some \$80 billion in financial reserves.

Like Saudi Arabia, Kuwait has been unable to raise production enough to offset the declining prices, and the Government has been running a deficit for the last three years. It is expected to do so again in the 1986-87 budget, which predicts a \$4.5 billion shortfall, almost double last year's level, despite a 15 percent cut in spending ordered in February.

One of the reasons Kuwait cannot get public spending under control is politics, namely the Government's decision to bail out losers in the spectacular Kuwait stock market crash three years ago. About \$90 billion was lost in the sudden collapse of a speculative boom.

So far the bailout has cost the state \$8 billion and has caused immense political embarrassment, with much of the aid going to rich investors and the ruling families. With so much oil wealth going to repair the stock market debacle, the country's small but

now in place, a construction slowdown was inevitable. The Gulf war has reduced Dubai's trade with Iran by 40 percent.

With its small population and so much oil, the United Arab Emirates will never be poor. But as the recession deepens, the business community is becoming increasingly dissatisfied with the Emirates' weak federal structure, its indecisive Government and the absence of a comprehensive and enforceable body of corporate law.

A decade of oil wealth has transformed Abu Dhabi and Dubai, the federation's two richest emirates, into modern cities. Abu Dhabi, the center of the oil and gas wealth, is now a seaside town of glass towers, green parks and huge hotels with modern services and lavish welfare for its citizens.

Dubai has developed a more diversified economy. An aluminum industry uses the large supply of local natural gas, and Dubai's large drydock facility currently does a lucrative trade repairing tankers damaged in the fighting between Iran and Iraq.

The Economy

WEEK IN BUSINESS

Burroughs Outlasts Sperry's Resistance

Sperry gave in to Burroughs' advances. It agreed to be acquired for \$76.50 a share, or \$4.8 billion, creating the second-largest computer company after I.B.M. The price is well below the \$80 a share Sperry was hoping to command and not much above Burroughs' previous offer of \$75. Burroughs had started the bidding at \$70 a share early in May, coupling it with a tender offer that angered Sperry into threatening a self-tender. But Sperry apparently was unable to find a more generous partner, and thus was forced to reward the persistence of W. Michael Blumenthal, the former Treasury Secretary and Burroughs' chairman.

Burroughs is hoping Sperry's mainframes will give it the added clout it needs to challenge I.B.M. But some analysts — and users — say the merger of two such incompatible computer lines could mean less attention for each line and could drive many customers to I.B.M.

The crackdown on insider trading continued with the indictments on Federal criminal charges of four young Wall Street professionals and a customer. The five are accused of using inside information to trade in stocks involved in six takeovers. The definition of insider trading appears to be broadening, since two of the people are accused not of profiting from the information but of passing it on. In a separate case that challenged the traditional definition of an insider, a Federal appeals court upheld the conviction of a former Wall Street Journal reporter, his roommate and a stockbroker convicted of trading on information in the reporter's column before it was published.

Information on securities fraud will be shared between the United States and Japan in an attempt to curb insider trading and similar abuses.

Leading indicators surged 1.5 percent in April, the third gain in as many months and the biggest increase in two and a half years. Economists were split about what the increase means, however, noting that financial factors, such as money supply and stock prices, showed the biggest gains. Indicators of performance in the industrial sector, such as orders for new equipment, were weak. Sales of new homes fell 3.5 percent in April despite low mortgage rates, but remain at a sizzling pace.

The trade gap narrowed to \$12.1 billion in April, from \$14.5 billion in March, mainly because imported oil cost less. But exports dropped, too, since the effects of the dollar's fall have not trickled down. And some economists warned that as oil prices go back up, so will the trade gap.

President Reagan denounced the House-approved trade bill as "kamikaze legislation." The President said the bill, which would require him to impose retaliatory measures on uncooperative trading partners, would cost millions of Americans their jobs.

Canada promised retaliation against United States tariffs on lumber products, but did not specify what steps it would take. And France said United States moves against the



W. Michael Blumenthal

European Community could delay the start of GATT talks.

Japan adopted a second round of emergency measures to stop the rise of the yen against the dollar.

Stocks roared again before fading in a postholiday rally that saw the Dow industrials hit a record close of 1,822.35. They ended the week at 1,876.71, up 53.42. Interest rates jumped on the strong economic news. M-1 rose \$2.8 billion.

Times Mirror will buy the Sun newspapers of Baltimore and two TV stations for \$600 million. Coming a week after the sale of the two Louisville papers to Gannett for \$300 million, the sale of the Sun papers advances the buying frenzy in the industry. Times Mirror publishes The Los Angeles Times and Newsday, among other papers.

Baltimore lost its other paper, The News American, when it ceased publication after years of losses.

Anderson, Clayton was offered a \$655 million buyout by Bear, Stearns and Gross just days before its shareholders were to vote on a recapitalization plan intended to protect the company from such a takeover. The recapitalization offered \$45 a share, while the Bear, Stearns offer is for \$54. Once the Bear, Stearns offer was completed, Quaker Oats would buy Anderson's Gaines pet-food operations and analysts believe other units might be sold as well. Anderson, which also makes Seven Seas salad dressings, said it would go ahead with its recapitalization plan, but promised to discuss the offer.

Rockwell will lay off 6,000 workers because the B-1 bomber is being phased out. Rockwell is but one of the contractors hit by the downturn in military outlays: Hughes is laying off more than 4,000 and General Dynamics is eliminating 900 jobs at Cessna.

Pacific Lighting will buy the Thrifty Corporation, the biggest drugstore chain in the West, in a stock exchange valued at \$886 million. The deal will mark Pacific Lighting's first foray into retailing.

The Swiss Stop Keeping Secrets

By JOHN TAGLIABUE

LAST March 25, Pedro Yap, a member of the Philippine Commission on Good Government, was en route to Bern to talk with the Swiss Government about repatriating the estimated hundreds of millions of dollars that Ferdinand Marcos had on deposit in Swiss banks. While traveling, he learned that Switzerland, unasked, had frozen Mr. Marcos's assets. That meant the Philippine Government could not touch them — but neither could Mr. Marcos.

Why did the Swiss do it? "I guess they just want to help out our new Government," was Mr. Yap's somewhat helpless reply when a reporter asked him that question. But financiers across the world are seeking a better reason for why the Swiss would take public action on a depositor's account. And they want to know whether the action spells the end of Switzerland's vaunted bank secrecy.

The Marcos case was no single aberration. Several weeks later, Bern froze the fortunes of Haiti's deposed dictator, Jean-Claude ("Baby Doc") Duvalier, on deposit in the country's banks. And last month Bank Leu,

Switzerland's oldest bank, announced that it would allow its Bahamas subsidiary to release documents that the United States Securities and Exchange Commission needed to build a case against Dennis B. Levine, a New York mergers specialist who the S.E.C. says used Bank Leu International employees in Nassau to help make \$12.6 million in illicit profits over the past five years through insider trading.

Publicly, most Swiss bankers try to portray each of these incidents as an isolated case. But privately, many suggest that the shift reflects a pragmatic, more flexible approach toward secrecy that has taken hold among the new generation of bankers now inhabiting the legendary Bahnhofstrasse, the traditional center of Swiss banking.

"This new willingness to cooperate is significant," said H. Jörg Graf, vice president of Bank J. Vontobel & Company, Hans Bär, a partner at Julius Bär & Company, an exclusive, private bank in Zurich that specializes in counseling wealthy individuals on investments, agreed: "There's a generation of bankers coming along who know their way around the world," he said. "There's more pragmatism around and a willingness to

take moves that are risky."

The Duvalier and Marcos cases were, in fact, all the more striking, since efforts to attach the Swiss-sourced assets of fallen dictators have failed in the past. Ethiopia was rebuffed in the 1970's when it tried to regain funds of the deposed Emperor Haile Selassie. Revolutionary Iran had equally little success in its attempt to get the former Shah's assets.

Why is Swiss secrecy breaking down now, even though just two years ago Swiss citizens overwhelmingly supported it in a plebiscite? Some say banks are yielding to domestic pressure from leftist political groups and church groups who blame secrecy rules for drawing about \$50 billion in capital from developing countries to Switzerland. But many more say that the Swiss banks are competing in an increasingly international financial world, and thus are forced to cast aside some of their secrecy traditions to pacify foreign institutional investors and governments.

The last factor is a powerful one. The overseas assets of Swiss banks are estimated at \$142 billion, and Union Bank of Switzerland and Swiss Bank Corporation own New York Stock Exchange seats. Most of the

major banks are jockeying to break into West German and Japanese securities markets, and Union Bank recently acquired the prestigious London brokerage house, Phillips & Drew.

This desire for overseas pre-eminence makes the banks think twice before refusing to cooperate with a foreign government agency. Hanspeter Schaad, chief counsel for Bank Leu, said his bank complied with S.E.C. requests largely because of concern over possible pressures on the bank's New York branch. The bank's decision was the outcome, he said, of "a delicate balance of interests between our clients' right to discretion and possible means of pressure" by the S.E.C., such as a subpoena or fine.

The banks are afraid of campaigns against their clients like the one staged in 1983 by the newly elected French Socialist Government. At the time, French customs officials contended that they had lists of French nationals with Swiss accounts.

The whole thing blew up into a diplomatic flap when French customs officials said they were under orders to detain people on the lists at the borders, and Switzerland protested what it called harassment of Swiss bank clients.

| The New York Stock Exchange | | | | |
|---|------------|---------------|----------|--------|
| MOST ACTIVE STOCKS WEEK ENDED MAY 29, 1986 (Consolidated) | | | | |
| Company | Sales | Last | Net Chng | |
| IBM | 8,884,300 | 152 1/2 | + 8 1/2 | |
| Sperry | 7,867,000 | 74 1/2 | + 1 1/2 | |
| AT&T | 6,573,200 | 25 | + 1/2 | |
| US Steel | 5,589,900 | 21 1/2 | + 1 1/2 | |
| Ohio Ed | 5,279,500 | 19 1/2 | + 1/2 | |
| Fla Prg | 5,216,900 | 36 1/2 | - 1/2 | |
| Chrys | 5,162,500 | 37 1/2 | - 1/2 | |
| Tex Util | 5,048,500 | 31 1/2 | + 1/2 | |
| RJR Nb | 4,696,000 | 48 1/2 | + 2 1/2 | |
| Seers | 4,438,500 | 47 1/2 | + 1 | |
| Am Exp | 4,199,500 | 62 1/2 | + 2 1/2 | |
| Baxt Tr | 4,068,800 | 20 1/2 | - 1/2 | |
| Mobil | 3,994,400 | 31 1/2 | - 1/2 | |
| Pepsi C | 3,935,900 | 33 1/2 | + 2 1/2 | |
| Navistar | 3,747,000 | 9 1/2 | ... | |
| Standard & Poor's | | | | |
| 400 Indust | 278.6 | 269.4 | 275.5 | +7.01 |
| 20 Transp | 207.7 | 203.7 | 205.5 | +1.74 |
| 40 Util | 106.1 | 103.4 | 105.9 | +2.49 |
| 40 Financial | 30.5 | 29.5 | 30.1 | +0.58 |
| 500 Stocks | 249.1 | 241.3 | 247.3 | +6.00 |
| Dow Jones | | | | |
| 30 Indust | 1898.2 | 1823.4 | 1878.7 | +53.42 |
| 20 Transp | 819.8 | 795.8 | 803.3 | + 5.40 |
| 15 Util | 190.9 | 183.3 | 189.6 | + 5.27 |
| 65 Comb | 731.0 | 705.5 | 722.6 | +15.98 |
| The American Stock Exchange | | | | |
| MOST ACTIVE STOCKS WEEK ENDED MAY 30, 1986 (Consolidated) | | | | |
| Company | Sales | Last | Net Chng | |
| DomePet | 6,050,300 | 1 1/2 | + 1/2 | |
| Wickes | 4,194,800 | 6 1/2 | ... | |
| LonmarTel | 1,582,900 | 30 1/2 | + 1/2 | |
| BAT Ind | 1,404,800 | 5 1/2 | - 1/2 | |
| FIAsPr | 1,356,200 | 10 1/2 | + 1/2 | |
| Mayflowr | 1,208,500 | 29 1/2 | - 1/2 | |
| WangLabs B | 1,190,200 | 17 1/2 | + 1 | |
| KeyPharm | 1,048,200 | 20 1/2 | + 1 1/2 | |
| AmExFrw | 860,900 | 4 1/2 | + 1/2 | |
| Hltvst | 780,000 | 20 1/2 | ... | |
| MARKET DIARY | | | | |
| | Last Week | Prev. Week | | |
| Advances | 422 | 424 | | |
| Declined | 356 | 358 | | |
| Unchanged | 146 | 135 | | |
| Total Issues | 924 | 917 | | |
| New Highs | 92 | 88 | | |
| New Lows | 21 | 23 | | |
| WEEK'S MARKET AVERAGES | | | | |
| | High | Low | Last | Change |
| New York Stock Exchange | | | | |
| Indust | 165.2 | 160.7 | 164.3 | +4.02 |
| Transp | 125.4 | 123.7 | 124.1 | +0.63 |
| Util | 70.5 | 69.1 | 70.4 | +1.36 |
| Financ | 187.9 | 154.5 | 156.5 | +2.66 |
| Composite | 142.9 | 139.2 | 142.0 | +3.18 |
| The American Stock Exchange | | | | |
| Total Sales | 48,669,865 | 1,376,224,549 | | |
| Same Per. 1985 | 25,925,985 | 897,201,125 | | |

Schygulla Tries Life's Light Side

By NAN ROBERTSON

What an unlikely mix. Here is Hanna Schygulla, one of Europe's most acclaimed movie stars, who has been directed by R.W. Fassbinder, Jean-Luc Godard, Ettore Scola, Andrzej Wajda, Volker Schlöndorff and Wim Wenders. She has chosen to make her first film in America with a little-known Israeli who happens to be the son of Jerusalem's famous mayor and has only two rather quirky movies before this to his credit. Working beside Miss Schygulla are two women rock stars, one known as a "punk Garbo" and the other a former lead singer for a band called The Shirts.

Miss Schygulla is in virtually every frame of "Forever Lulu," which Amos Kollek, the son of Mayor Teddy Kollek of Jerusalem, wrote and directed and has just finished shooting on location in and around New York. Her co-stars are Deborah Harry, the blonde of the "Blondie" band, who is the Lulu of the movie's title but barely utters a word in it, and Annie Golden, who plays Miss Schygulla's nymphomaniac best friend.

On this particular day, Miss Schygulla, West Germany's most famous screen face by far, star of 18 Fassbinder films including "The Marriage of Maria Braun," Mr. Scola's "Nuit de Varennes" and Mr. Wajda's "Love in Germany," is bobbing up and down on a floating chair in the sky-high pool of the United Nations Plaza Hotel. She emits a tinkly laugh from time to time, but never fluffs a line.

Crew members in swim trunks circle her like waterbugs, slapping the surface to make little ripples. Mr. Kollek fidgets near the pool's edge behind his cinematographer, Lisa Rinzier. The temperature is in the high 80's, intensified by glaring white lights; the humidity reminds one of New Orleans in July. A drop of sweat hangs from the tip of Mr. Kollek's long, melancholy nose, and his T-shirt is sopping wet. Miss Schygulla, however, looks as dainty as a May morning in her pink bathing suit shot with gold. Every hair of her bleached blonde beehive is in place.

"Forever Lulu" is not 'Desperately Seeking Susan,' sternly warns the film's press agent. He is distancing "Lulu" from another offbeat movie shot in New York and featuring the rock star Madonna. Mr. Kollek calls "Lulu" a "comedy-mystery-adventure."

Miss Schygulla (pronounced (shee-goo-lah)) plays Elaine Hines, a



Determined to play comedy, the actress is cast in "Forever Lulu," as a despairing, would-be writer who becomes both a celebrity and the target of a rubout.

would-be, despairing, down-on-her-luck writer whose idol is Virginia Woolf. She lives in a closet-sized slum. On her way to commit suicide with a gun, she frightens two passers-by; the man drops his coat, containing a date and time, an address, an apartment number and the name Lulu. Elaine keeps the rendezvous instead, stumbles upon a murderous shoot-out, reports it to the police and becomes an instant celebrity. She is wooed by the famous and the glibly, from authors to maître d's. Among other personalities, she meets the television sex therapist Dr. Ruth Westheimer.

In the pool scene, two successful women authors of pulp romances, sipping cocktails on floating chairs flanking Elaine, are advising her on how to squeeze the last ounce of publicity and money out of her writing projects while keeping away from their turf. They are played by Justine Johnston and Susan Blommaert.

Meanwhile, Elaine keeps looking in vain for Lulu, the key to the mystery. All unknown, the two pass each

other again and again in the city but do not make eye contact. Without being aware, Elaine is also being tracked herself, the target of a rubout. The role is every bit the kind of part that Miss Schygulla once said she liked best: "Illogical, chaotic, ambiguous."

Miss Harry's role is even more shadowy and unexplained. The rock star, who is used to such descriptions as the "bad-girl sexpot" of an "antic sleaze rock group," is often seen only glancingly or indirectly in the movie; for instance, as a reflection Elaine glimpses in a mirror near the hotel pool.

In person and on film, Miss Harry looks eerily like Miss Schygulla. Both women are beautiful and in their early 40's. Both have pie-plate faces, high Slavic cheekbones, big, round, light eyes and voluptuous lips. Both are currently bottle blondes.

Miss Harry explains with characteristic frankness why she likes her part in this film so much: "I've done a lot of videotapes but only a couple of underground films; it's really nice to

be working again; it's only one week's shooting. I have the title role and get to be seen a lot, but I don't have to memorize any lines; the part



whatever." The film, which the 39-year-old Mr. Kollek is independently producing, is backed by private American money and is scheduled to be released around the end of the year.

Mr. Kollek's two previous movies are "Worlds Apart" and "Goodbye, New York." He wrote, directed and played the leading role in the latter, released here last year. Reviewers called it "confident and breezy" and "funny and entertaining." Negotiating through Miss Schygulla's American agent, he sent a videotape of "Goodbye, New York" as well as the "Lulu" script to her Paris residence. "I got a fairly quick, positive response," recalled the crinkly-haired film maker. "She was very eager to do some comedy, lighter things, something in America."

Working with the German star has intrigued Mr. Kollek, who says she is full of surprises. "She does some things very, very small, but then they come off very strong on the screen," he said. "Her performance is unpredictable but always very interesting. You don't know what to expect. When I think she's going to cry, she laughs. Or the reverse. But basically, whatever she does, it plays. She has a combination of intelligence and experience. She is not at all a formula actress. She is an instinctive player. Both she and Debbie Harry have a mysterious quality."

Miss Schygulla, who has worked with some of Europe's most respected and original directors, was asked what it was like to be guided by Mr. Kollek. She thought for a moment. Then she said: "Hmmm — I don't know what to say. He's a quiet one, cool and quiet. I think he has talent. He's taking on a lot, being the writer, producer and director. He's letting go pretty much — I like that, because I like to invent myself, too. Most directors get upset when you come up with too many ideas. But I've been in so many movies — I have such an image — I practically know how to shoot it. I know what a good shot is, what a good cut is. I can't help it. I also know that a good movie is not just a great actor."

Amos Kollek, its director, calls "Forever Lulu" a "comedy-mystery-adventure."

Photographs by Bob Mankin, AP/Wide World

Inside Stallone's 'Cobra' May Dwell a Pussycat

By VINCENT CANBY

In that its plot is incoherent and its politics less easily analyzed than those of a bald eagle, "Cobra," Sylvester Stallone's new hit, is a terrible movie, but let's not be too fast to let it go. Let's not become unglued. Let's follow the lead of Dr. Joyce Brothers, who, on the day after the movie opened, eased into print to explain the extraordinary popularity of the "Rocky" and "Rambo" films, and now of "Cobra." In the genteel prose of her syndicated column, Dr. Brothers wrote:

"In a way, the Stallone phenomenon is the fault of American women. We tell our men we want them to be sensitive, caring and vulnerable. When they try to be that way, we call them wimps." According to Dr. Brothers, it's because males are confused that they're drawn to Mr. Stallone's films about macho men who know exactly what they want. Even females, she suggested, are not immune to the appeal of the Stallone characters. Women see in them a "Daddy the way he should be — strong and wise."

By way of esoteric background to the Stallone phenomenon, I'd also like to point out that the name Sylvester, before it became identified with the live-action movie idol whose last name is Stallone, was best known as the name of a cartoon cat — a scrawny, hungry, short-tempered animal forever outwitted by Tweety Pie, a tubby, smart-aleck canary with a lisp.

Strip away the surface musculature of Rocky, Rambo and Cobra and you might well find the tiny, furiously frustrated heart of the original Sylvester. No tomcat worth his whiskers can long be upstaged by a half-pint canary without a certain amount of emotional toll being taken.

I'm not being frivolous in emphasizing this association between the first names of the live-action actor and the Warner Bros. cartoon star. In "Cobra," much is made of the fact that the title character, the tough Los Angeles cop played by Mr. Stallone, was christened Marion Cobretti, and that his colleagues like to rag him by calling him Marion instead of using his nickname.

In one of the movie's lighter moments, Cobra confides to a young woman that he's always hated the name Marion and wanted to change it to something more keeping. "Like what?" Says Cobra, who, though mainly a killing machine, is not bad with the riddles. "Alice." This is supposed to be funny, and it almost is. However, in the vicious childlike world inhabited by Mr. Stallone's characters, who worship guns, knives, axes and other weapons as spiritual extensions of themselves, names also have animistic importance. The man who answers to the nickname of Cobra is an utterly mindless Dirty Harry full of primitive venom.

As awful as it is as film making, "Cobra" is fascinating for apparently being so in touch with its time, which isn't exactly an age of reason. Like "Rambo," and like the "Death Wish" and "Dirty Harry" movies that pioneered this particular genre, "Cobra" further exploits the currently popular myth about the rugged giant rendered impotent by the effete ways of civilization. To save society, Cobra, the cop, must act outside the inhibiting laws of the society he would preserve.

This isn't especially original. It's the subject of news stories almost every day. What raises "Cobra" to new, ever dizzier heights of lunacy and paranoia is the curious conspiracy with which Cobra must deal. As the film opens, Los Angeles is panicked by what appears to be a serial killer called the Night Slasher. Those members of the Los Angeles Police Department who are law-abiding, are mystified. Unlike most serial killers, the Night Slasher has no consistent modus operandi. His random victims include senior citizens, pretty young women, businessmen and one child, who was also sexually assaulted. However, as the audience learns almost immediately

(and Cobra shortly thereafter), the Night Slasher isn't one person but a highly organized gang of psychopaths (including one policewoman), whose goal is nothing less than a New World Order. Their motto: "We kill the weak so the strong will survive." In small groups, they roam Los Angeles at night, killing whomever they come upon without making much effort to ascertain whether their victims are strong or weak — which may be a weakness of the plot or simply a symptom of their illness.

Though nothing is made of it, Cobra shares the conspirators' impatience with weakness, which, in his case, is exemplified by newspaper and television reporters who criticize his brutal tactics, by police officers who follow the rules, and by a judicial system that assumes defendants are innocent until proven guilty. If "Cobra" ran much longer than its meager 87 minutes, you might well assume that Cobra could be converted.

That, however, is to credit the film with having more on its mind than it does. As written by Mr. Stallone and as directed, to his order, by George P. Cosmatos (who earlier directed "Rambo"), "Cobra" is a giddy, brainless amalgam of macho manners, anti-intellectual prejudices, spectacular car chases and shootouts, all dressed in the latest offerings of boutiques that cater to the man who wants to look different — for at least five minutes.

Mr. Stallone never bares his chest in "Cobra," but he models a lot of designer jeans and distressed leather jackets. Like the late Grace Kelly, he also has a fondness for mini-length gloves (he wears them even when eating pizza), though his are black leather and Miss Kelly was partial to white kid. He drives a "customized" 1960 Mercury and absolutely never enters a scene without half of a kitchen match sticking from a corner of his mouth.

Like so many other aspects of our public life today, "Cobra" is an exercise in style for its own sake. This is evident not only in the way Cobra dresses, but in the lines that Mr. Stallone has given himself to speak, including the one (which is not without wit) being used in the film's advertising campaign: "Crime is a disease. Meet the cure." When, at the opening of the film, one of the New World crusaders takes over a supermarket and threatens to blow it up, along with his hostages (for reasons never made clear), Cobra replies simply, "Go ahead. I don't shop here."

The members of the Broadway audience with which I saw "Cobra" on a Friday afternoon clearly enjoyed every loopy minute of it. They laughed riotously at Cobra's attack on a reporter who, early on, exhibits moral outrage at his methods. They responded enthusiastically to a pointless montage of splintering images accompanied by a big-beat sound, which, I suspect, was inserted into the film's middle to pad out the running time and for later recycling as a music video. They whooped with pleasure during the grand finale set in an iron foundry that, though in full operation, is mysteriously unmanned, possibly because any workers would get in the way of the confrontation between Cobra and the members of the gang he's pursuing. There was nothing but applause when Cobra pours gasoline over one fellow and sets him afire, and then impales another on a giant hook, which carries the victim into a blast furnace.

The most interesting thing about "Cobra" (as a low-brow movie, not as a cultural phenomenon) may or may not be intentional — that is, the way it seems to be ripping off Arnold Schwarzenegger, the only actor around at the moment who seems capable of muscling in on Mr. Stallone's territory.

The original Night Slasher (the guy who winds up on the book in the foundry) is played by Brian Thompson who, with his moose jaw, looks startlingly like Mr. Schwarzenegger, especially as he appeared in his early movies. Further, the foundry sequence in "Cobra" appears to be a takeoff on the climax of Mr. Schwarzenegger's 1985 hit, "Commando."

Two's a Crowd BY CHARLES M. DEBER/Puzzles Edited by Eugene T. Maleska

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16 Knicks' org.
19 What there's "nothin' like"
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26 — man die... Job
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70 West Saxon king
71 Remove
72 — Stranger — Kramer film
73 Don a uniform
76 Play part
77 Half a fly
78 Pirate's potable
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81 CoMMuter's problem
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84 Matador's matchup
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95 A sugar, for short
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102 Dodge
103 Exhausted
104 Whichever
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111 Pertaining to a mil. division
112 Memorable French violinist
114 Newspaper biog.
115 Method
116 Gets by barely
118 Epoch
120 Wayne's leading lady in "Red River"
1948
121 Clairvoyance, for short

ANSWER TO PREVIOUS PUZZLE

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|--------|-------|----------|----------|
| WIFE | LOCI | AWAIT | SHEA |
| ALLEY | ANON | RISER | TIERS |
| CLYDE | SEMI | UNIT | THEGLOWS |
| WEAVER | SEMI | UNIT | THEGLOWS |
| TEAROR | BRASS | UNSAT | |
| PAYANO | SEANS | DUDE | RIS |
| WUITE | ALTE | TOWNS | |
| AMIE | STILE | PONDS | ALAL |
| WTO | APRIS | PLUTO | DRESE |
| SELOUT | BLUNS | STYTER | |
| NATION | RAM | LEAVES | |
| TROUPE | SPOTS | AMERS | ALFALFA |
| WOOER | SHAKE | AMERS | AMR |
| OWNS | WITRE | QUEES | CRUED |
| WUITE | CLAM | TALON | |
| DNA | ALSO | SHORE | ALINDY |
| ROMALO | BLASS | CAJANA | |
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| WILL | OWNE | PERFORME | ALOND |
| EDIE | SACRE | WATS | SEVER |
| READ | CROSS | SATS | LIBRS |

مكتبات الاصل

WASHINGTON
James Reston

THE JERUSALEM POST

THE NEW YORK TIMES, SUNDAY, JUNE 1, 1986

WEEKLY REVIEW

FOREIGN AFFAIRS
Flora Lewis

Why Mr. Reagan Blundered on SALT

By Albert Gore Jr.

The Protection Game

WASHINGTON — "Protection" is the word in Washington these days, but it takes a little time to sort out who is protecting whom from what. You have to take the issues one at a time.

The Democrats in the House of Representatives, with an election coming up in November and trying to protect their majority and the jobs of American workers, passed a bill that would punish "unfair" competition from abroad. It won by a vote of 235 to 115, with the help of 59 Republicans who also were trying to protect themselves on Election Day.

The National Association of Manufacturers is trying to protect its right to produce goods in the cheapest labor markets abroad and sell them in the richest markets everywhere, while demanding that foreign competitors accept "voluntary" quotas — meaning "involuntary" quotas.

President Reagan is trying to protect Big Business, Big Labor and himself by arguing that "the so-called omnibus trade bill is really an ominous anti-trade bill that could send our economy into the steepest nose dive since the Great Depression . . . and throw millions of Americans out of work."

This did not, however, prevent him from taking protectionist measures against Canadian wood products, or protect him from Canada's threats of retaliation.

Any number of people can play the protection game on any subject. All you need is a weak case and a strong voice.

In the foreign policy field, for example, the hawks in the Pentagon have been trying to protect the President from a Contadora peace in Nicaragua, while the State Department has been trying to protect him from the hawks. No need for protection, the White House says: No difference; no problem.

The game is a little more complicated in the case of nuclear arms control, because as it's played out the players seem confused about whether they're trying to protect the country from the Russians or from one another.

During the Presidential campaign of 1980, Mr. Reagan thought he was protecting himself against President Carter, who had signed the Strategic Arms Limitation Treaty.

To play, all you need is a weak case and a strong voice

with the Russians. Mr. Reagan protected his right flank by announcing that the treaty was "fatally flawed."

This reassured the hawks but infuriated the doves; but once he was in the White House, Mr. Reagan said he'd abide by the treaty anyway if the Russians behaved. This infuriated the hawks and immobilized the doves, thus keeping both sides off balance.

On the first time around, this strategy mystified officials here and in the allied capitals, and now he has done it again. The President announced the other day that to protect the United States he would no longer be bound by the terms of the unratified SALT II treaty. But he didn't exactly bang the door, he just left it open a crack.

He indicated that he would scrap a couple of old submarines and stay within the treaty limits over the summer, but by the end of the year would feel free to deploy cruise missiles on bombers even if this exceeded the limits. Of course, if Moscow changes its policy he might think it all over.

This course requires the mastery of protective official gobbledegook. One Administration official said "the idea was to build in as much automaticity as possible"; but while nobody knew what this meant, there is always the possibility that it didn't mean anything and might be changed next week or next month.

George Shultz explained the SALT II switch by saying the President was merely "shifting gears" — which could mean anything from going into high or into reverse.

Meanwhile, there was a lot of talk about what or who was obsolete around here and what could be done to protect the nation from politicians and policies that are out of date.

Even the educators weren't happy about the outlook for the coming generation. We are, they insist, training our children for a world that is gone or going fast, not protecting them for the world of the next century where they'll spend most of their lives.

Those young people are coming into the adult world without a common knowledge of the history of the civilization they came from, taught mainly so they can protect themselves but leaving them poorly equipped to do so.

In short, everybody seems to be trying to protect the people from the facts; and the interesting thing about that is that the people don't seem to mind. It's enough to make a man build up "as much automaticity as possible," or even give up the protection game altogether.

GENEVA — The President's announcement last Tuesday that we will no longer be bound by the second strategic arms limitation treaty — and would violate one of its central provisions later this year if the Soviet Union does not make "radical changes" in its behavior — may be judged by history as his most serious mistake. Both in its substance and in the manner in which it was made, this decision illustrates the Reagan Administration's ambivalence about arms control and its deep confusion about our nation's strategic goals.

The President is justified in condemning Moscow's violations of existing arms control agreements. But his proposed remedy would hurt us far more than it would hurt the Russians and would greatly increase the danger to both nations.

To begin with, the Soviet Union now has four "hot" production lines for making intercontinental ballistic missiles and can quickly expand the number of warheads on its already deployed SS-18 heavy missiles. By contrast, we have one "lukewarm" production line and no real ability to quickly increase the number of warheads we have deployed.

Second, if both countries continue to respect the treaty, the Russians will have to dismantle and destroy far more launchers than we will in the next several years. Indeed, Moscow has already destroyed more than 1,000 missiles in order to comply with SALT restrictions, while we have had to destroy fewer than 100.

Third, the Soviet leadership does not need a political consensus to assign top budget priority to its military or to produce and deploy new weapons. As a self-governing people, we do require such a consensus. This decision will itself make that already difficult process even more difficult. The new fiscal constraints of the Gramm-Rudman-Hollings balanced-budget law will further complicate our ability to engage in an accelerated arms race with the Soviet Union.

Fourth, we are part of a strategic alliance with truly independent partners, while Moscow's Warsaw Pact

Albert Gore Jr., Democrat of Tennessee, is a member of the Senate Arms Control Observer Group.

allies are really subservient puppets. The abandonment of SALT II has already meant new strains for the North Atlantic Treaty Organization.

Fifth, the decision is based on what may be a tragic miscalculation of the Soviet Union's most likely response. Instead of making the "radical changes" that President Reagan has demanded of them, the Russians may well see the lifting of the SALT II limitations, coupled with an aggressive American effort to build missile defense systems, as a simple one-word message: "Build!" — build offensive missiles and build them fast.

But what about Soviet noncompliance? Don't we have an obligation to hold the Russians accountable? They have deliberately impeded our efforts to verify their compliance with SALT II by heavily encrypting, or encoding, information from their missile tests. They have developed two new types of missiles instead of the one permitted by the treaty. And they have brazenly violated the Anti-Ballistic Missile Treaty's restrictions by building a new defensive radar at Krasnoyarsk, in central Siberia.

These three violations clearly call for a response in actions as well as words. Luckily, there are alternatives to the abandonment of SALT II. We can, for example, go forward with our plans to deploy our own new single-warhead mobile missile as a "proportionate response" to its Soviet counterpart, the SS-25. We can increase the number of "penetration aids" carried by missiles targeted in the vicinity of

His proposed remedy would hurt us more than the Russians — and endanger both nations

There are alternatives to scrapping it

the Krasnoyarsk radar in order to eliminate whatever military advantage comes from its inland location.

Solutions for the data-encrypting problem are more difficult to find. Nevertheless, the changes required of the Russians in this area may not turn out to be "radical," and a meaningful change could produce a very significant result. Some people close to President Reagan are convinced that an end to encrypting of missile tests would greatly improve his basic view of Soviet motives.

For our own part, we should consider what changes in our behavior might contribute to the kind of strategic outcome the Administration says it wants. After all, we have failed to ratify the last three treaties we signed with the Russians. And President Reagan has called into question the ABM treaty with what many believe is a preposterous reinterpretation of one of its important provisions governing new and exotic defensive systems.

The President has wisely abandoned the reckless rhetoric of his first two years in office, but serious doubts remain about his basic goal in our relationship with the Soviet Union. What he must clarify most of all — in his own mind and in his policies — is whether or not we really want to establish a working relationship with the Russians that relieves the enormous pressure we are now placing on them and they on us. Do we or do we not really want stability in our nuclear relationship with Moscow?

Some of the President's key advisers seem genuinely to believe that the basic character and motivation of the Soviet regime make it impossible to work out a useful modus vivendi — that all such efforts, of which arms control is the most important, merely serve to constrain us, while the Russians press on toward global domination. In this view, we can emerge free and secure from our competition with the Russians only if their system is

somehow transformed by external and internal stresses. From this perspective, arms control — with its promise of diminished competition and risk — only eases pressures on the Soviet Union and is therefore inherently undesirable.

According to this view, our tactic, though unstated, must be to re-establish some form of strategic superiority. It happens to be politically unfeasible to accomplish this by beating the Russians in an offensive arms race. So hardliners now seek to achieve it through another means — a version of the Strategic Defense Initiative quite different from what the President originally proposed.

The President still speaks of the S.D.I. as a comprehensive defense that will replace our dependence on classical deterrence — the threat of retaliation against a Soviet attack. But many in his Administration define S.D.I. as a limited defense of our retaliatory missiles that will enhance rather than replace deterrence. While the President still envisions a "cost-effective and invulnerable" defensive system to be jointly deployed by us and the Soviet Union — cooperation orchestrated through arms control — his Secretary of Defense is designing a quick and dirty system to be deployed as rapidly as possible without regard to cost effectiveness or Soviet cooperation.

We must clear up this confusion in our strategic goals and our methods of pursuing them. The next few months will be an especially critical period — particularly dangerous but also an opportunity for a breakthrough. The possible convergence in early December of a second summit meeting and the scheduled reconsideration of SALT II makes it imperative for both superpowers to reassess their goals and practices.

A plausible agreement would include an American decision not to undercut SALT II; a decision by Moscow to reduce its encrypting; an agreement on a genuine and fair 50 percent reduction in strategic offensive forces; a moratorium, of a decade or more, on actual deployment of strategic defenses; and an agreement to redefine key imprecise terms in the ABM Treaty.

Such an agreement may be accessible and acceptable to both countries if the proper decisions are made between now and early December.

Chips Without Bargaining

PARIS — The White House has announced that the U.S. will break out of SALT II limits on strategic weapons later this year unless the Russians take drastic moves to improve compliance with existing treaties.

This is another characteristic Administration waffle on arms control, putting off real decision. A new deadline was set for late fall, presumably after the November elections.

So President Reagan has still not given his definite answer on the endless infighting in Washington over whether or not to pursue efforts for arms control. The latest statement certainly tilts the Administration toward those who oppose arms control, nonetheless. As Senator Albert Gore, Democrat of Tennessee, points out, "It shifts the burden of proof in a very dangerous way. Before, it was on those who were arguing in favor of undercutting the treaty, to come with reasons why it should be scrapped. Now, it is on those who want the U.S. to stay in compliance" to prove why Washington should do so.

Some will seek to explain away the shift as another big bargaining chip, to put heavy pressure on the Russians to meet charges that they have cheated. The bargaining-chip gambit has been used again and again, to support more MX missiles, to expand funding for Star Wars, to call for "zero option" on medium-range missiles in Europe, etc.

No chip has ever been used, however. No bargaining has been advanced. Now that the "zero option" has been included in a Soviet proposal, in fact, Washington is no longer really interested. Both sides have come to play the game of making offers for public relations purposes that they would have to reject if the other side foils the plan by accepting.

The essential division inside the Administration has nothing to do with all this. It is about whether the U.S. has more to gain by arms control that would constrain the Russians as well as the U.S., or by trying to outbuild and outspend the Soviet military.

This basic issue has not changed since the start of the Reagan Administration, although the anti-arms controllers are gaining ground again after a couple of years of emphasis on probing for new agreements.

Their position is that without agree-

The White House waffles on arms control, again

ments American technological superiority and wealth will so far outdistance Soviet capacity that Moscow will have to concede it can't keep up. This is an illusion on many counts.

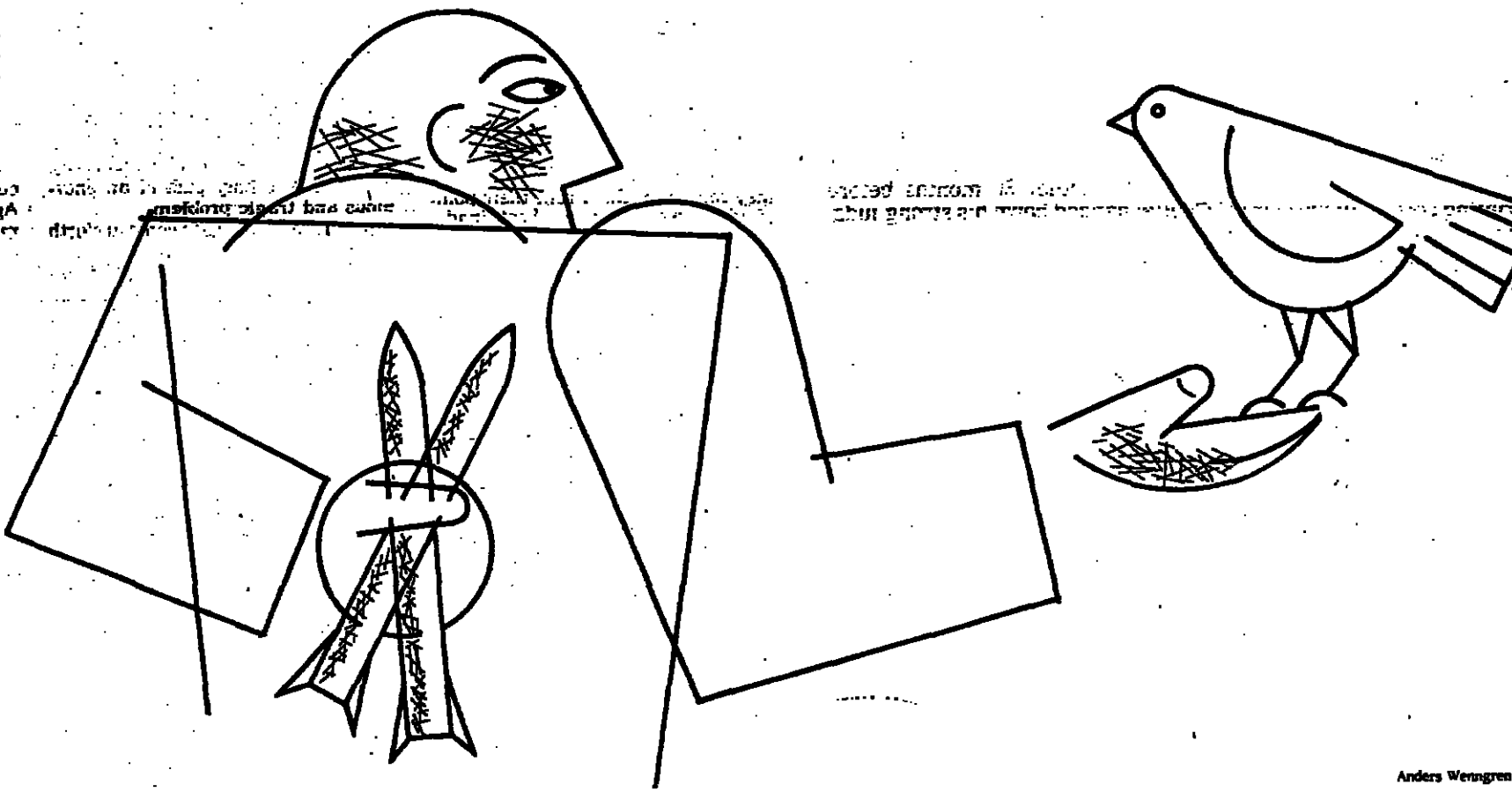
The latest failure of the French space launcher Ariane adds to the lesson of too much reliance on technology. After the recent failures of the U.S. space shuttle Challenger and of U.S. Titan and Delta rockets, there is scarcely anything left to put up vital satellites in the near future on which strategic defenses must depend. Nor is there any reason to think Moscow won't continue squeezing whatever the Soviet military needs out of the civilian economy if it is faced with being out-armed.

The Russians are perfectly aware of the U.S. faction that thinks the Soviet Union can be outrun in an arms race to the point of economic collapse or can be forced to drastic concessions. They won't wait to test the notion. They can be believed when they say they will do everything to keep up with the American military juggernaut.

Pamela Harriman, daughter-in-law of Winston Churchill, his hostess at Downing Street during the war and now wife of W. Averell Harriman, wrote recently that Britain's great leader is often incompletely quoted on his view of dealing with the Russians. Churchill did say in his famous "Iron Curtain" speech: "There is nothing [the Russians] admire so much as strength, and there is nothing for which they have less respect than weakness, especially military weakness." And he did call Russia "a riddle, wrapped in a mystery, inside an enigma," adding, however, "that perhaps there is a key. The key is Russian national interest."

So he was convinced, Mrs. Harriman recalls, that "yes, you can deal with the Russians, but only if you have both strength and suppleness, a willingness to stand your ground and yet to see a great common interest that transcends inevitable rivalries."

The greatest common interest is obviously the prevention of nuclear war and a reduction of the grotesquely huge arsenals that threaten the whole world. Churchill's advice remains better than what Mr. Reagan is hearing from Pentagon civilians. There is no alternative to arms control but ever-growing danger. The President should tilt back, and quickly.



Back to the Real Memorial Day

By Ronald Steel

WASHINGTON — I never fought in a war. Although I did serve in the post-Korea pre-Vietnam peacetime Army, the only battlefields I saw were as a tourist. I never had a relative or a friend killed, or even wounded, in a war. My knowledge of war, like that of most Americans, came from newspapers, photos and the movies.

For me, Memorial Day was always a holiday — the unofficial beginning of summer, when the outdoor swimming pools opened and the schools shut down. I guess that's how the Federal Government feels about it, too, ever since it started shuffling Memorial Day around to make long weekends. This is good for the airlines, motel operators, baseball team owners and ice cream vendors.

What it has to do with honoring the dead, I'm not sure. It's probably churlish to talk about the dead these days, now that it's morning in America. It's too downbeat. But Americans are still dying, mostly in little skirmishes these days rather than big wars. Even these — Lebanon, Grenada, Libya — take their tolls of lives cruelly snuffed out. And it would be wildly optimistic to assume that many more will not sooner or later join the 1.2 million Americans killed in wars.

On this Memorial Day, I found myself in Washington and thinking about the dead. The city, as always on holidays, was full of tourists from what people here call Middle America. They visit places that Washingtonians never set foot in: like the Space

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Museum, Congress and the monuments. These tourists are drawn especially to the Vietnam Memorial, and on this day I decided to join them.

For a great many Americans, this has become a national shrine. It is a strange kind of shrine: a black flash on the brilliant green lawn between the reflecting pool and the monument to Abraham Lincoln. The indentation in the earth — the slabs of black granite with the names of those fallen in Vietnam incised row after terrible row — seems so dignified, so respectful, so appropriate, that it is hard to remember what the fuss was about.

'They died because we asked them to'

when the design was first chosen.

Now it has become part of our heritage. Not a temple to house a God and inspire awe — like those to Lincoln and Jefferson. Not a symbol to mount or get one's bearings from, like that to Washington. Rather it has become a place of communion, where the living mingle with the spirits of the forever youthful dead. Here the line between those honoring and those being honored becomes ill-defined. The names, thousands and thousands of them, become living presences. This is not, like a country graveyard, a place for elegies; rather it is a meeting-ground.

I remember a bitterly cold and brilliantly sunny November day nearly 20 years ago when I marched with hundreds of thousands of others just a few dozen yards from this site. I was protesting American involvement in the war these men were fighting and in which they ultimately died. I still think the war was wrong and that they never should have been sent there. But now I am here to honor their sacrifice and pay tribute to their memory. However we now interpret the war and the reasons they fought it, they did what we asked of them and they did it in our name.

People of every age and background, young and old, black and white, healthy and infirm, file past. They search among the 58,123 names for the one they know. They stop, they touch the inscribed letters, they stand silently. Some are themselves veterans of the war: men wearing the uniforms of combat or bits and pieces of it — a jungle hat, combat boots, a camouflage shirt. These men have gray in their hair or their beards and the hard sadness in their eyes of those who have seen too much; men no longer young who have come here to mourn their youth and to mourn those comrades who knew only their youth.

Here, too, are the parents and wives and children of those who have died. They, like the veterans, stop and stare for a long time at the names and rub their fingers across them, as if through this contact they could summon those lost behind the granite wall. Sometimes they put pieces of paper over the letters and make rubbings of the names. Four or five people of different ages and generations will each do a part of a single rubbing, linking each to the other as well as to the departed.

One moves slowly along the elongated V-shaped trench, past the sin-

It's not about swimming pools

gle roses and carnations stuck in the cracks, past the wreaths with the inscriptions, past the notes and letters and poems left by the living. As one enters the memorial, the granite wall is very low and contains only a few names. But as the path descends, the wall grows higher and higher, the names more and more dense. It is like entering a tunnel. A cascade of names becomes a silent envelope of death. And then the path slowly rises, the slabs grow lower, the names gradually fewer, and then suddenly there is grass everywhere.

On all sides, lies monumental Washington — the classical temples lining Constitution Avenue, the long sweep of the Mall to the Capitol, the graceful bridges spanning the Potomac. It is hard to connect this tranquil city of sweeping vistas and tree-lined streets to all these dead, or to link this subdued throng of mourners in shorts and blue jeans to a decade of war and death.

I'm not sure what we learn from war. Maybe, like death itself, it is an essential part of human activity. We honor the dead not because they have taught us to end war forever, but for something far simpler and more poignant. They died because we asked them to. And this is their hallowed ground, the sanctuary where the restless living try to understand the meaning of their death.

RATHER THAN being made in heaven, quite a few marriages are made in error. Or so at least it often appears to the interested bystander, if not necessarily to the marriage partners themselves. It's a question we ask about any number of our married friends and acquaintances: 'What does she see in him? What he in her?'

You must all know more than one such couple: a quiet, sweet, good-natured man married to a witch. Or a bright, vivacious woman married to a pain in the neck. Or a cultured intellectual of either sex married to a dummy. They talk about the attraction of opposites, but surely that doesn't apply here.

What's so attractive about squirming in your seat because your worse half is telling a long, tedious, incoherent story that starts in the middle and ends in a fog? Or about living in dread of the contemptuous response your partner is sure to make to a remark by your host? You know well enough what makes him tick, and even better what makes him sneer.

The attraction of opposites does exist, but they must be complementary in some way. An overbearing man may choose a meek

Marital enigma

RANDOMALIA
Miriam Arad

woman, and the two may live happily ever after, he playing big bully to his heart's content, she playing doormat.

The silent and the talkative also hit it off sometimes, but not always. A few silent ones will let their mates run on, either listening or not listening. Others are charmed only so long as they are in love, and suffer for the next 50 years.

HOW ABOUT the attraction of likes? Such as when both are great talkers? I know one couple like that, and a hard time they have of it. When one of them is speaking, and the other has been forced to keep his



What do couples in one another? (PPA)

or her mouth shut for anything over two minutes, he or she says: "Enough, I've sat here patiently waiting for you to finish, but you just

go on and on and never give anyone else the chance to get a word in."

They constantly interrupt each other. They have so much boiling up in them that needs to be said, these two, they are always on the point of explosion. Fortunately they get on fairly well otherwise.

Opposites or two of a kind, other people's marriages are a mystery. Why, for instance, do short men so often marry exceptionally tall women? Why, for that matter, do the tall women marry the short men? Why does this gorgeous beauty marry that baboon, this homebody that playboy, this broad-minded liberal that biased little snob?

There are plenty of facile answers. Sex is one, and that may be all very well; but after they roll out of bed, people still have the day to get through together. Neuroses and complexes are another. She only married him because she needed a father figure. He married her because he's a masochist, he wants to suffer. She married him because he's emotionally dependent on her, and so on and so forth. Great psychologists we are in matters matrimonial, but I'm willing to admit it: half my married friends keep me guessing.

Holding on to a debtor

LAW REPORT / Asher Felix Landau

In the Supreme Court sitting as a Court of Civil Appeals before the Deputy-President, Justice Miriam Ben-Porat, in the matter of Arnon Ilan and others, applicants, versus Shmuel Rosenberg and others, respondents (Leave to Appeal E5581/85).

THE APPLICANTS brought a claim against the first respondent in the District Court for the sum of \$600,000. They alleged that the respondent, an active director of the Eitan Company, had induced them by false representation of the company's position to buy shares in that company.

Together with the claim the applicants applied for an order under Rule 376(a) of the Civil Procedure Rules of 1984 restraining the respondent from leaving the country. Under the above rule, "Where a claim has been lodged, and it is proved to the satisfaction of the court or the registrar that the defendant is about to leave the country permanently or for a lengthy period, and his absence from the country is likely to impede the conduct of the case or the execution of the judgment, they may, by order, restrain the defendant from leaving the country, and may direct that he deposit his passport or travel certificate, or impose conditions for his leaving."

The respondent admitted that he intended leaving the country, but for a short period only, and the registrar dismissed the application on the ground that the respondent's intention to leave for a lengthy period had not been proved.

An appeal to the District Court was dismissed, and the applicants applied for leave to appeal to the Supreme Court. By consent of the parties, that application was then considered as if it were the appeal itself.

IN GIVING judgment, Justice Miriam Ben-Porat pointed out that the only requirement of the rule in dispute was the intention of the respondent to remain outside Israel for a lengthy period, and that the onus of proving this lay on the applicants. Moreover, as had already been held by the Supreme Court, it was sufficient for this purpose if the applicants adduced some *prima facie* proof, direct or circumstantial.

After considering all the facts, the Deputy-President said, she had decided that the cumulative weight of all the circumstantial evidence was sufficient to prove, *prima facie*, the above requirement.

She had considered the seriousness of limiting the freedom of the individual, which demanded the most careful and searching examination of the facts, but had also attached considerable weight to the purpose of the rule - to prevent the frustration of the claim at the very outset if the order sought is not given.

The applicant's claim, Justice Ben-Porat continued, was for a considerable sum and, on the face of it, was not without substance. This was

proved by the fact that the District Court, after long and exhaustive inquiry, in which both parties appeared, had imposed a lien on the respondent's assets under Rule 360 of the Civil Procedure Rules, which could only be done if the claim is supported, *prima facie*, by "reliable evidence."

The evidence also showed, *prima facie*, that the respondent was in serious financial difficulties. This was proved by the undisputed fact that during a certain period he had used to transfer physically a sum of about a billion shekels from one bank to another in order to earn interest from both banks on the same day. During one of these transfers the messenger was robbed, and the police managed to recover only part of the amount, something more than four hundred million shekels. Since the respondent had insured only part of the total sum, the loss was considerable, and the question had arisen as to who had suffered the loss: according to the applicants, the respondent himself but, according to the respondent, various persons who had deposited the money through him.

The money which had been recovered, Justice Ben-Porat said, was subject to the lien granted in favour of the applicants on the basis of its being the respondent's money, and that lien was still operative. On this basis, she said, the present appeal should be dismissed, since that money would form a considerable portion of the applicants' claim. On the other hand, the respondent argued that he was only the brains which conceived the somewhat novel scheme to bring financial salvation, and that the monies deposited really belonged to depositors who had only used him for their own purposes. On the basis of this version, the persons referred to, together with their advocate, and the respondent, had brought a joint application to set aside the lien. The lien, therefore, could not be relied upon in the respondent's favour, for if it were set aside, and he left the country, there would be no assets to satisfy the applicants' claim.

IT WAS clear, said Justice Ben-Porat, that if the stolen money belonged to the respondent, he had suffered a great loss. She had to be careful, however, in weighing the declaration of respondent's counsel that although the depositors in question were cooperating with the respondent in seeking to set aside the lien on the monies recovered by the police, they were laying no claim to the balance of the monies stolen, which the police had not recovered.

She could not overlook the possibility that the depositors may discover some negligence in the way in which the money was transferred from one bank to another, and may claim compensation from the respondent on the basis of that negligence. In fact, one of the depositors had instituted action for a declaratory order that IS 25 million shekels of the money attached belonged to

her. The court, therefore, had to consider the possibility that the depositors were not telling the truth, and were only trying to assist the respondent to release his money from the lien.

There was, of course, the possibility that the monies in question did indeed belong to the depositors. Truth is stranger than fiction, but the fact that the six depositors and the respondent were represented by the same advocate pointed, *prima facie*, to a possible conflict of interest.

Other factors to be considered, Justice Ben-Porat continued, were that the respondent was involved with the tax authorities in whose favour part of the lien was imposed, he held a foreign passport, and although his life was centred in Israel, he had no assets here registered in his name.

JUSTICE Ben-Porat said she had taken into account in the respondent's favour that after the filing of the applicants' claim, while he and his family were abroad, he and they had returned to Israel although he knew that an order preventing his leaving may be sought. The applicants had argued, however, that in the light of all the facts he was compelled to return - for example, to get the insurance money for the robbery, or to complete other business requiring his personal attention. She had also weighed the respondent's argument that his business required his leaving Israel occasionally, and forcing him to remain here would cause him heavy loss.

In conclusion, Justice Ben-Porat held that there was "some *prima facie* proof" that this time the respondent would leave the country for a lengthy period, if not for good. She would therefore grant the order sought, and make the respondent's leaving Israel conditional on his providing security, thus preventing the frustration of the claim, and at the same time enabling him to leave.

He would be restrained, therefore, from leaving unless he deposits with the court, in shekels, the equivalent of \$600,000 or provides adequate security for this sum to the satisfaction of the registrar. At the same time, the applicants would be required to furnish security in the sum of 30 million shekels to compensate the respondent for any damage caused to him by the order made should the claim be dismissed and it appeared that there was, in fact, no basis for issuing the order. Moreover, by consent of applicants' counsel, the respondent could apply at any time to the District Court for permission to leave the country on a particular journey, subject to providing a suitable surety who would be restrained from leaving until the respondent's return, or the security given be realized.

For the above reasons the appeal was allowed, and the respondent ordered to pay the applicants' costs in the sum of 1.5 million shekels, with linkage and interest.

Judgment given on December 12, 1985.

THEY CAME, they saw, they wrote. And God knows that any similarity between reality and what flying correspondents wrote was purely coincidental. Lionel (Arve in the phone book) Pyetan smiles good-naturedly. Journalists cannot be serious, hard as they try. It is in the nature of their trade.

Ever smiling, Lionel Pyetan was responsible for foreign correspondents who visited Israel from the War of Independence until he retired. He knew literally hundreds of newsmen from all corners of the earth - and they all became his friends. "I never tried to influence them. I just told them to see for themselves. And I tried to provide facilities, when they were available. I simply tried to be honest with them and never told an untruth." Well, at times there were state secrets to protect. Then the Government Press Office man preferred to ignore the questions.

Lionel came into the picture when there was still no state, no prime minister, hardly an office to receive the growing number of foreign correspondents who had come to cover the war.

The first "clients" who applied for help were a tarmagant from

Journalism on the wing

THERE AND THEN
Sraya Shapiro

L'Humanite and a young man from the Daily Worker - both Communist publications. "I took them to Yigal Alon, who was then in Rosh Pina." The boy seemed somewhat shaken by the evidence, but the girl - Pyetan has his doubts about the efficacy of information. "People have preconceived ideas, journalists are people." But sometimes facts do penetrate.

There was, for instance, the head of a noted American news agency who pleaded for a reporter of his to be allowed to cross from Jordan. ("We have nothing against Israel, but you do complicate our relations with the Arabs," the chief frankly admitted.) The reporter duly arrived and promptly went to visit a "big olive tree plantation" which a Palestinian refugee in Jordan told

him he had left in Israeli-held territory. When he failed to find anything, he turned to Pyetan, who found the place, and took the newsmen to the spot. Three olive trees were all there was to see. "I think the man began to take refugees' stories with a grain of salt," Lionel smiles. "Poor boy, though, he was killed in Ethiopia."

THE PIO (it was Public Information Office under the Mandate, and the initials stuck, though it was now the Government Press Office) operated, during the War of Independence, from the Scopus - a World War II British officers' club. It later moved to the nearby Ritz Hotel. Both were located near the sea (the French embassy now stands on the site of the Ritz), both were big halls with only a small room or two to give some privacy to the PIO staff. There was a sense of intimacy about the Ritz, everybody else to see everyone else. Pyetan vividly remembers the late writer Moish Pearlman, the IDF's first spokesman, fighting his way to a corner where Lionel and his helper, Fay Doron (who had previously, and again at a later stage, been on the editorial staff of The Jerusalem Post) tried to arrange things the journalist never stopped asking for.

Efficiency, incidentally, is often a matter of luck. Pyetan says smiling. "Drew Pearson, a big name in American journalism, once phoned at 10 at night to say that he was here for 24 hours, and would I, please, arrange for him to see the Water Carrier, which was then making the headlines. Scipitally, I phoned the deputy general manager of Tahal, the company which constructed the Water Carrier. 'No problem,' I was told. 'Tell your man to be in Side Dov at 7 in the morning. We are taking a helicopter to Galilee, and there is just room for him.' Don't tell me efficiency is achieved by organization. Personal acquaintances - well, yes. But I learned to know people through my work, mainly."

LIONEL was born in Durban, South Africa. His family hails from Courland, in Estonia, where the German barons, well educated and haughty, set the tone. One of his grandfathers worked on a German farm. "And if I could have it my way, I would have been a farmer myself."

It was with the intention to be a farmer that he came to Palestine in the 1930s, and acquired a plot of land in Herzliya. However, he developed an ulcer, so farming became impossible.

four songs made an impression. They are written in a brilliant cabaret style, the element in which Zorman seems at his best. His piano trio (1982) lacks integration and definable purpose.

The works of Radzinski were undoubtedly the high point of the evening. "Canto" (1981) has already been enthusiastically reviewed in the international press. (1977), though exploiting conventional modern uses such as clusters and glissandi, is nevertheless highly original. The dramatic opening, in which the four parts combine gradually into a mobile cluster, the solo melismas, and the perfect form of the single-movement quartet, all make for exciting listening. No less impressive is the brass quintet in which Radzinski unfolds a sound-scape.

Among the many industrious performers I would like to mention a few individually. Astrith Baltans tried hard to make the Leef fantasy as valuable as possible and all her other parts were flawless. Moshe Bekker, an accomplished actor-singer, stole the show in the four Zorman songs. Emanuel Krasovsky, gave a deeply meditative performance of "Canto".

The four young but apparently already highly experienced members of the Aviv Quartet were a pleasant surprise. They played the Radzinski quartet with great dedication and achieved a most convincing performance.

ISRAEL SINFONETTA KEERSHABA - Paul Freeman conducting, with Hermann Baumann, French Horn (Tel Aviv Museum, May 24). Weber: Symphony No. 1, Op. 13; Mozart: Concerto No. 3, K. 487, and "Les Petits Riens," Ballet music, K. 299b; Saint-Saens: "Morceaux de Concert" for horn and orchestra, Op. 94; Beethoven: "Divertissement" for chamber orchestra.

NO ONE COULD deny the originality of this concert but originality does not always mean quality. The

programme undoubtedly contained some rarely-heard works, but most of them seemed mediocre. Neither were the performances irreproachable.

Weber's first symphony, composed during the transition between the classic and romantic eras, is extremely interesting but it has obvious weaknesses and was overdone.

As to Mr. Baumann's use of the natural horn in the Mozart concerto, I also have my serious doubts. The German guest artist's mastery of the instrument is indisputable but how can authenticity really be achieved if the accompanying orchestra remains "modern"? And why do we have to accept crude and inaccurate intonations from the natural horn if the valve horn could give us much beauty of sound and expression?

The concerto was followed by a Mozart which seems rightly to have been completely forgotten - a *piece d'occasion* apparently produced in haste for the Paris Ballet, and showing that a genius like Mozart could sometimes write something completely worthless.

Saint-Saens' *Morceau de Concert* at last gave us an opportunity to enjoy Mr. Baumann's famous proficiency on the valve horn, but as far as the music is concerned, well, even this piece is less than second-rate.

Paul Freedman's choice for the closing item, Beethoven's *Divertissement*, also proved questionable. Though jolly and tricky and amusing, it only strengthened the feeling that this concert was not very cleverly planned. The performance, as in the symphony, was overdone in volume and much of the detail was lost.

To sum up, however, the orchestra seemed in excellent shape throughout the concert, and followed the conductor's instructions with discipline and skill.

Uncurbed acoustics

MUSIC
Benjamin Bar-Am

How much more conductor Rolf Beck would have been able to extract from the choir and the orchestra in nuance, dynamic shades and interpretive devices, had acoustic conditions been different is hard to tell. However, the grand design was there: the story progressed dramatically towards the central event of the trial, and came finally to a beautifully mellow, subdued and highly expressive end.

"HERE AND NOW" Music by Yehudi Menuhin, Zorman and Jan Radzinski. Astrith Baltans and Emanuel Krasovsky, piano; Raphael Marcus, violin; Naomi Enock, cello; Moshe Bekker, voice; The Aviv Quartet (Hagai Shalev, Shari Bitran, violins, Yairi Aloni, viola, Zvi Plesner, cello); Kenneth Kac, Yoram Levy, trumpet; Jeffrey Lang, French horn; Micha Davis, trombone; Shmuel Krasovsky, tuba (Tel Aviv Museum, May 25). Leef: "Canaanite Fantasy" (piano); Zorman: "A Grizzly Dream" (piano and piano); Trio for Piano, Viola and Cello; Four Songs of The Absurd (voice and piano); Radzinski: String Quartet; "Canto" (piano); "Take Five" for brass quintet.

AN EVENING of works by three young Israeli composers naturally arouses great interest, but what we heard hardly lived up to our expectations.

It is not entirely clear why Leef called his piano piece "Canaanite Fantasy" (1981) and speaks of its archaic elements, of which we could find no trace. In any case, the widely-spaced, quasi-melodic, dissonant broken chords, which through use of the loud pedal reverberate and so intermingle with each other, are of limited interest. Of Zorman's three works only the

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Demography and housing

By MACABEE DEAN
Jerusalem Post Reporter
TEL AVIV. — The ever-rising standard of living in Israel — helped by a boost from the women's liberation movement — is an important reason why the building industry is facing severe problems. Perhaps it does not approach in importance the sharp government cut-back in financing construction due to budgetary reasons, but the emergence of an "affluent society" has had considerable impact.

There can be no doubt that the building industry has sunk to its lowest point in years, if not in decades.

Here are some tell-tale figures. The number of persons directly employed in the building and construction field (including Arabs from the West Bank and Gaza) dropped from 86,000 in 1983 to 72,300 in 1985, a 16 per cent drop.

The number of construction starts (both residential and commercial) dropped from 4,870,000 square metres in 1983 to only 3,705,000 in 1985, a 23.9 per cent drop. In housing alone (both public and private), the drop was from 3,390,000 sq.m. in 1983 to 2,620 sq.m. in 1985, a 22.7 per cent drop.

Several statistics will illustrate the rise in the standard of living.

Since 1980, the Jewish population has increased by only 5.7 per cent, from 3,282,000 to 3,471,700. But in these same five years, the number of Israelis going abroad increased much faster — by 8.5 per cent — from 466,100 in 1980 to 505,800 in 1985.

But these figures are misleading for two reasons. First, the number of persons going abroad on business remains fairly stable, and this figure

should be subtracted from the total. This will give a much larger growth in the percentage of vacationers. Moreover, the number peaked at 725,700 in 1983, and would have remained higher than the 1985 figure if the travel tax had not been imposed. And there are good indications that the figure will rise this summer.

Or take the number of private cars. The percentage of ownership has increased much faster, by 36 per cent, from 409,500 in 1980 to 599,300 in 1984.

The demographic role in all this can also be shown by another series of statistics. Women are not only marrying later, but they also have fewer children. According to some contractors, today, when a wife has a choice between having another child or taking a trip abroad or buying a car (often a second car), all too often the latter option is chosen — even if this means an abortion. There are no accurate figures on abortions, although it is believed that for every three or four live births, there is one abortion on non-medical grounds. And many say this is a conservative estimate.

Many abortions are due to the higher standards of living, others to the women's liberation movement.

At any rate, the average number of children borne by Jewish women has dropped from 3.2 in 1955 to 2.4 in 1980. After that year there was a slight reversal, for the figure stands at 2.6 in 1985.

The "median" age of first marriages was 21 in 1960; it rose to 22.6 in 1984 and is evidently still rising. And couples are not only marrying later, but there has been a drop in the number of people marrying.

While there were almost 25,000 marriages of Jews in 1980, the number dropped to 22,300 in 1985.

Fewer children and fewer marriages mean less demand for housing. The fact that the smaller families demand and get larger flats does not help the construction industry to any great extent. For it is much easier to build one flat with five rooms than two flats of three rooms each.

The fact that the Jewish divorce rate has increased considerably in the past few years — by more than 50 per cent — from 2,850 in 1975 to 4,380 in 1985, does not change the picture either. For although the divorced partner does need a flat, he generally buys a small one, unless he remarries, which most don't do. For if 1984 is any indication, in that year 4,316 Jewish couples divorced, while only 1,698 divorced persons remarried.

Another demographic factor is also at work. At present, Israel has a negative migration balance. According to current estimates of the Central Bureau of Statistics, in 1985 the population increased due to immigration by some 12,500 persons, compared with 20,000 in 1984. On the other hand, some 15,300 persons emigrated from Israel. Although many persons (and especially families) leaving Israel often kept their flats here until they were certain they would succeed abroad, others sold their flats, thus adding to the total number of flats on the market.

But some consolation can be taken from the fact that the birth rate of Arab women is dropping slightly faster than among Jewish women (although among Arab women it is still much higher) — as their standard of living rises.

(This is the first article in a series.)



Workers of the Op-Or plant in Ofakim which is in financial difficulty demonstrate in front of the Prime Minister's office in Jerusalem yesterday. One sign reads: "We want our wages."

Dollar continues on upswing

TEL AVIV. — The dollar maintained its recent uptrend and closed higher against all currencies last week. For the week it gained 2% against the mark, 2.2% against the Swiss franc, 1.2% against the pound sterling and 2.9% against the yen.

Recent U.S. economic data confirmed that the economy is on the verge of rapid expansion. The leading economic indicators showed a surprisingly strong gain of 1.5% in April. The trade deficit narrowed to \$12.07 billion in April compared to \$14.52b. in March. This last figure indicates that the dollar's year-long decline is finally affecting the huge trade imbalance.

Consequently, the American administration seems satisfied with current exchange rates and President Reagan said that the dollar is at competitive levels now.

The strong economic data eliminated hopes that the Federal Reserve would ease monetary policy in the near future. Yields on long-term government bonds rose 1/32 during

the week, widening interest rate differentials in favour of the dollar. The rand stabilized following last week's sharp decline. The Canadian dollar weakened against the surging U.S. dollar and gave up some of its recent gains.

Recent movements show that the dollar gains sentiment and strengthens on any piece of news which might create a demand for dollars. The major trends of the mark and the Swiss franc show early signs of reversal, which might be confirmed this week.

We recommend a complete halt to trading and not taking positions in any direction. Currently it seems more probable that we are entering a substantial correction to the major trend of a declining dollar. We can expect a bounce-back in the European currencies, as they are not oversold, but a sit-and-watch approach is the answer to the current situation.

(Dr. Boaz Barack Advisory Service)

Did you know that...
In 1985 the actual and financial assets held by the public totalled \$87 billion — almost four times the Gross National Product? (Bank of Israel)

Tension between local and foreign TV crews

By GREER FAY CASHMAN
Trouble is brewing between the National Union of Television Crews in Israel and some of the foreign television networks represented here. The two-year-old NUTC insists that foreign networks employ only local camera and sound crews, and that crew personnel be members of the NUTC.

Most of the networks have complied with that request, but a few mavericks have repeatedly defied the 150-strong union by bringing in crews from abroad or hiring non-union personnel.

NUTC secretary Yehuda Drory says that Israeli cameramen and soundmen who want to work overseas encounter strong union opposition in most countries, especially such countries in which jobs are scarce.

Defending the NUTC's stand, Drory charges that foreign crews are depriving Israeli technicians of work. "They come here for a few months, work without a license and don't pay taxes," he declares. What

rankles even more is that the Government Press Office accords them journalist status and issues them with press cards.

"We do not object to foreign journalists working here and obtaining press credentials from the GPO," says Drory, "but we see no justification for issuing press credentials to foreign technicians."

GPO director Israel Peleg says that the NUTC is not an authorized body. "They're just a few fellows who got together. They can't dictate who is eligible for a press card and who is not. There are established criteria which we follow."

The Jerusalem Post has learned that NUTC members have allegedly threatened foreign network representatives that they will suffer bodily harm and that their equipment will be damaged if they continue to import their crews or work with local, non-union cheap labour.

There have been various altercations between NUTC members and some of the television reporters. A scuffle broke out last week during

British Prime Minister Margaret Thatcher's press conference between Visnews cameraman Eli Passman, deputy-chairman of the NUTC, and Martin Himmel, bureau chief of the Canadian television network CPV. Passman subsequently filed charges against Himmel for damages. Himmel refuses to comment on the incident, stating only that he has taken whatever legal steps are necessary.

Drory denies that the NUTC instigates violence against those who won't toe the line. "We just make life unpleasant for them," he says. What this usually means in practice is the withholding of vital information and the "accidental" blocking of camera views and angles.

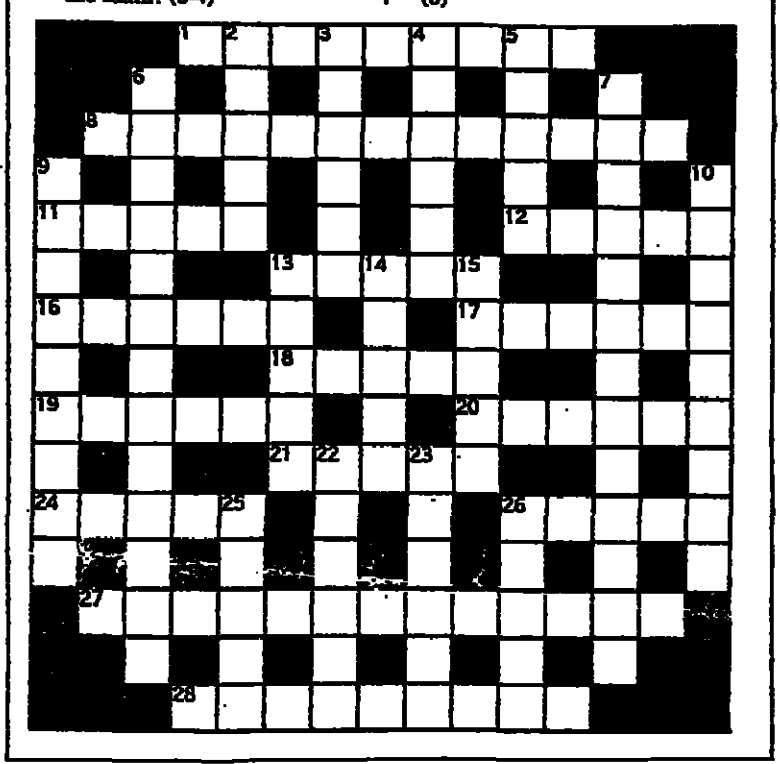
NUTC has declared work disputes against CBN, ITN and SVT.



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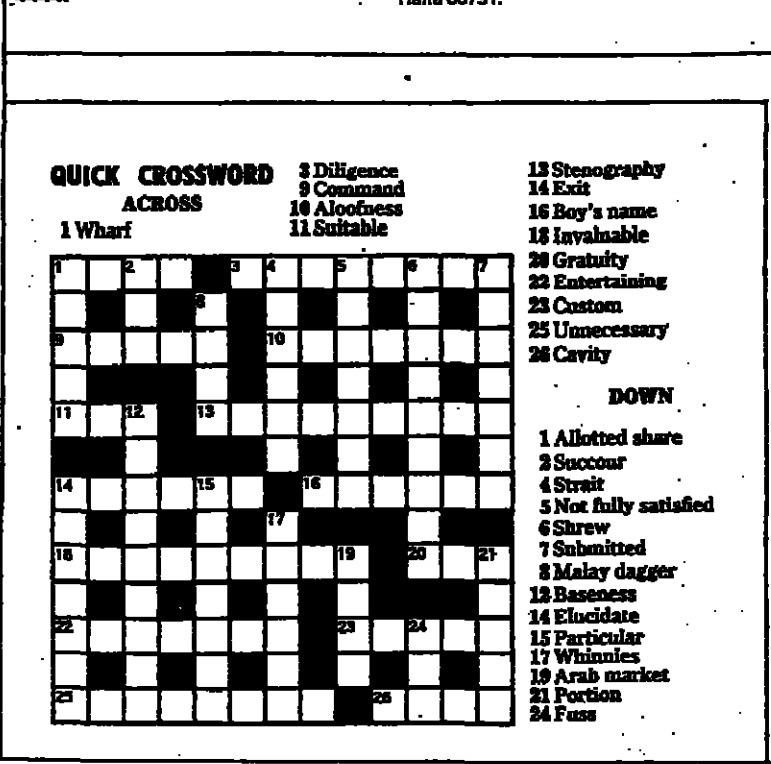
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- ACROSS**
- Money corruptly set aside to pay the snow clearance squad? (5, 4)
 - Repeat request for a bedtime story? I don't believe it! (4, 2, 7)
 - He meets adversity with fortitude when I get in revised cost? (5)
 - Result of a snap decision about hot Italian currency? (5)
 - A ship holding liquor auctions? (5)
 - Pungent root I'd turn in without thinking? (6)
 - Old Republican president used to being on the carpet? (6)
 - A kind of meat ring back in Nebraska? (5)
 - Fodder left inside an envelope? (6)
 - Pretty fastidious? (6)
 - The other side of Yemen? (5)
 - Council of ministers? (5)
 - Back with money from Wode? (5)
 - Overseas caller who hopes to get a warm reception? (6, 7)
 - The look-out for high tar in the main? (5, 4)
- DOWN**
- Flowering shrub I ring up about? (5)
 - A sturdy Nepalese lady's place in a hydro? (6)
 - In fine it is subject to limitations? (6)
 - A female sheep having a lie-in? (5-2)
 - The biggest stocktaking yet for a disc-jockey's programme? (6, 5-2)
 - Suitable kind of entrance for a circulating library? (9-4)
 - Deal exclusively with members of society? (9)
 - An army biscuit barrel may be kept clean with it? (4-2-3)
 - 13 & 14 Time off for a craftsman? (5, 5)
 - Arched over by trees of dubious character? (5)
 - Ran up a line of restricted scope? (8)
 - French sailor embracing a forest maid? (6)
 - Hesitate to raise objections? (5)
 - Gives out a variety of items? (5)



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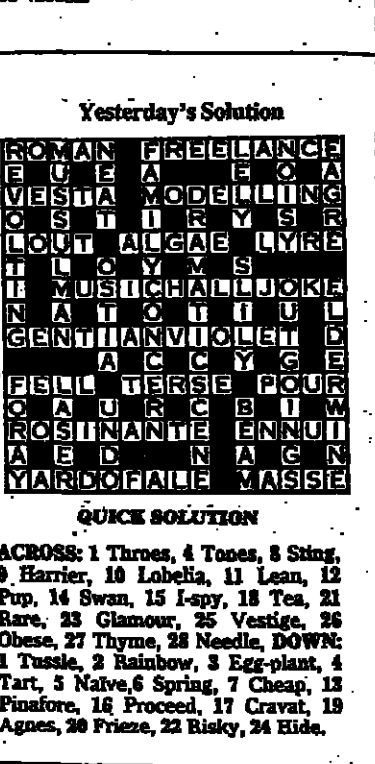
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Dr. Mandelbaum's final warning Fragile economy still needs careful nurturing

By AVI TEMKIN
Post Economic Reporter
The achievements of the economic stabilization plan are still fragile, and price stability is not assured. Inflation is still higher than in other industrialized countries. These warnings were contained yesterday in the address of outgoing Bank of Israel Governor Moshe Mandelbaum, who presented the annual report of the central bank.

Mandelbaum said that economic developments in 1985 prevented a major economic crisis, but in the last months domestic demand has picked up and savings rates have fallen. The average monthly level of the trade deficit has reached \$95 million in the last month, compared to \$55m. for 1985, he said. He added that in the last months there had been a 14 per cent increase in imports, while exports rose by only 10 per cent. Even that increase was due to increased prices abroad, and not because of an increase in the quantity of merchandise exported, he added.

Mandelbaum said that the acute problems connected with the country's foreign and internal debts persist. The internal debt is equivalent to 150 per cent of the Gross National Product, while the foreign debt is as big as the GNP.

Mandelbaum highlighted the achievements of the economic plan, such as the drop of inflation from 23

percent in September 1984 to 1.3 percent in the first months of 1986. He added that in 1985 there had been a \$1.1 billion surplus in the current account. Nevertheless, he said, what had been achieved regarding the balance of payments was still much below what was needed in the long run.

Mandelbaum said that the success of the economic plan was partly due to external developments, like the increased foreign aid from the U.S., the weakening of the dollar, the dropping oil prices and the reduction in interest rates abroad.

He was critical of the fact that the cut in the government deficit was achieved more through a rise in taxes than a cut in spending, and said this had contributed to a drop in the rate of savings. The outgoing governor defended the record of his monetary policy during 1985, including the high interest rates set by the central bank. He said that the government had cut its budget by \$500 million less than necessary, and this made necessary the implementation of a restrictive monetary policy.

Mandelbaum said the plan's credibility in the eyes of the public had contributed largely towards its success. This credibility was boosted by the knowledge that for the first time in a long time a comprehensive economic plan was being implemented, including fiscal and monetary restraint and wage erosion.

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Israel Academic Committee on The Middle East Seminar: The Islamic Dimension in The Middle East
Tuesday, June 3, 9:30 a.m.-3:30 p.m.
AN INTRODUCTION: Dr. Rafi Ismail, Lecturer, Islamic and Chinese Studies and Research Fellow, Harry S. Truman Institute for the Advancement of Peace, Hebrew University.
ARAB ANTI-SEMITISM IN PEACE TIME — THE EGYPTIAN CASE: Dr. Rivka Yadin, Research Fellow, Truman Institute and the Centre for Anti-Semitic Research of the Institute of Contemporary Jewish, Hebrew University.
PSYCHOLOGICAL AND RELIGIOUS ROOTS OF THE ISRAELI-ARAB CONFLICT: Dr. Abraham Matamor, Born and educated in Egypt, Lawyer, Orientalist and Political Commentator.
Lectures followed by discussion. Ramada Renaissance Hotel (near Central Bus Station), Jerusalem Registration 9 a.m. NIS 10.

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MARKET PLACE

AVI TEMKIN

Monetary alternatives

The monetary policy of the Bank of Israel has been the object of heated debate in the last months. Essentially what was discussed was whether there was an alternative to the unprecedented high interest rates set by the Bank of Israel during 1984 and 1985, and particularly since the launching of the economic stabilization plan in July 1985.

The question, as presented in the Bank of Israel annual report for 1985, is whether a different policy could have saved the economy the dislocations caused by high interest rates, the loss of output and unemployment, and the 40 per cent increase in bankruptcies last year.

The bank says that the high interest rates were designed to protect the foreign currency reserves from speculative purchases of foreign currency financed from enlarged credits. It has added that the high interest rates forced firms to run down inventories, thus forcing them to slow down price increases, or even to reduce prices.

Finally, the central bank has stated that it was necessary to cut the volume of short-term credit to the public by 10 per cent in accordance with what was stipulated in the economic stabilization plan.

The report cites another reason for the failure of the bank to drop nominal interest rates as rapidly as inflation was actually falling. Policy makers in the bank simply did not believe inflation would go down as rapidly as it did, and therefore failed to adjust interest rates downward.

Thus, according to the alternative version, it was possible to reduce interest rates without endangering the economic plan. Supporters of this alternative say that during the second half of 1985 the Bank of Israel paid to the commercial banks \$270 million in interest payments for their deposits at the central bank. This was part of the high costs paid for supporting high interest rates.

Moreover, the authors of the report say, the figures for 1985 show that short-term credit did not drop as the heads of the central bank had hoped. The latter did not take into account that credit, at least in the short term, is extremely inflexible. Thus, firms saw their inventories increasing during the first months of the economic plan, and were not able to run them down, as hoped by the Bank of Israel.

Furthermore, a large number of firms found it impossible to repay their debts to the commercial banks. What happened was that their balances were debited with the new, and large, interest charges. As a result, debit accounts started to rise rapidly, and this was registered as a large increase in short-term credits.

The result of this policy, the alternative position expounded in the report says, was that an impossibly high burden was placed on the business sector, especially on those firms supplying the local market, without access to directed and subsidized credits granted by the government and the Bank of Israel.

The report places the question of the interest rates in a much broader context. It asks whether there is any economic justification for the war the government and the central bank have declared on inflation in the economy.

According to the alternative view presented in the report, it is not clear whether such justification exists. Thus, the report says, it is perfectly possible to assume that if indexation is scrapped, the government and the central bank will be forced to include in the yields of government bonds a very high premium, as a kind of insurance against a possible rise in inflation.

It should be remembered, the report says, that it was indexation that permitted the economy to function despite high inflation. Those against widespread linkage insist that indexation not only enabled the economy to function under inflation, it also perpetuated inflation itself. In contrast to this view, holders of the alternative view say inflation in Israel is the result of the rate of devaluation of the shekel.

Thus, they insist, widespread linkage does not perpetuate inflation, simply because inflation has been put under control with the freeze in the exchange rate. Indexation assures the public that there is no need to speculate against potential developments, thus contributing to stability.

Holders of the alternative view suggest that it was possible to avoid the costs of high interest rates, without at the same time incurring the risks involved in too low rates by linking interest rates to the rate of exchange. This would have prevented speculative purchases of foreign currency, and it would have been possible to keep rates at sufficiently high levels.

Bank roundup: Sivan takes over at Hapoalim; Yeger drops out of the struggle at Mizrahi

By PINHAS LANDAU

Post Finance Reporter
Amiram Sivan yesterday took over formally as chairman of the board of management at Bank Hapoalim, following the resignation of Giora Gazit in the wake of the Bejski report. Gazit has resigned from all his posts at the bank and thus becomes the first of the five bankers whose resignation the report demanded, to comply fully with its recommendations. Gazit was also the first to announce his resignation, on the morning of April 21, the day after the report's publication.

Amiram Sivan was chairman of the Hevrat Ha'Ovdim-owned Te'us company until his appointment as Gazit's successor. He has also stepped down as Treasurer of the Jerusalem Municipality, although he remains on the city council. Sivan, now 48, served in senior positions in the Treasury in the 1970s, culminating in the post of director-general from 1975 to 1980.

With Sivan's assumption of control, Hapoalim sees itself able to move forward from the trauma of the Bejski report and its aftermath, according to bank sources. For this

reason, the bank yesterday opened a wide-ranging investment campaign through its branches and subsidiaries, in which it offers a range of options in mutual funds, savings schemes and short-term shekel deposits.

This will be accompanied by a barrage of advertising, which will deliberately seek to raise Hapoalim's public exposure at a time when the other banks are being forced to lower their profiles. Hapoalim thus intends to turn the Gazit-Sivan changeover into a positive, image-building event, at least by comparison with the situation its rivals are in.

In this connection, spokesmen at Bank Discount still refuse to say when that bank's chairman and general manager, Raphael Recanat, intends to return to Israel, or when the bank's board will consider the Bejski commission's recommendation that it act to remove him from his posts.

Recanat spends most of the year abroad, a fact that allows him to be considered a non-resident for Israeli tax purposes. By the same token, his foreign residence required a special

clause in the regulations published by the Bank of Israel last year, according to which non-residents are barred from serving as chairmen of commercial banks or bankholding companies.

At Leumi, Ernest Japhet has still not formally handed over to Tova managing-director Eli Hurvitz, who was appointed to succeed him as chairman. Japhet's future within the Leumi group is unclear, since he has not resigned, nor been asked to resign by Leumi's board from his chairmanship of the overseas subsidiaries in the U.S., UK, France and Switzerland, nor from local subsidiaries such as Union Bank, Leumi Industrial Development, and others.

The Bejski report's recommendation was that the top executives in each bank resign all their posts.

However, day-to-day running of the bank has passed to Mordechai Einhorn, who was promoted to Chief Executive Officer when Japhet resigned that post along with the chairmanship.

At Bank Mizrahi, no successor has yet been named to replace Abaron Meir as general manager. Sources claim that the delay in naming the

bank's new successor stems from a power struggle within the bank, coinciding with the internal elections in the National Religious Party, which has control and ultimate ownership of the bank. Meir has not resigned from the bank's board, nor from his chairmanship of several subsidiaries, as demanded by the Bejski report.

In an important new development in this regard, Yitzhak Yeger, the manager of the Mishav building company and a senior party figure, last night announced that he had refused to be considered as a candidate for the post of general manager. His refusal dated, according to party sources, from May 20, but in view of the continuing speculation, Yeger decided to make public his position.

At Hapoalim's U.S. investment subsidiary, Ampal, the board is due to meet next week to consider the intention of Ephraim Reiner, the company's chairman and president, to resign, in line with the Bejski recommendations. Despite the delay, it is assumed that Reiner's resignation will take effect once Ampal designates a successor or successors to fill the posts he currently holds.



The normally publicity-shy U.S. film actor Woody Allen appears on a poster for a leading Japanese department store, Seibu. The caption reads: "Sweet life." Celebrities from around the world are offered million-dollar contracts by Japanese advertisers and given guarantees that their fans at home will never see the ads. (Reuters)

Petrol prices still too high

By YA'ACOV FRIEDLER

HAIFA — The petrol stations have become tax pumps; there is no connection between the cost of imported crude oil and the retail price of the refined fuels, the general manager of the Delek oil company, Avraham Agmon, said recently. He was speaking at a two-day conference on world fuel prices at the Technion's Samuel Neuman Institute for Advanced Study recently.

He noted that Israel saved a dollar a barrel on transport costs on the oil imported from Egypt, compared to that bought on the Rotterdam spot

market. The head of the Fuel Authority, Shimon Gilboa, said Israel would save \$430 million on oil imports this year, thanks to lower prices on the world market, and would spend only \$720m., as against \$1.15 billion last year. He said the country was buying its oil at the lowest available prices.

The general manager of the Oil Refineries, Zvi Zamir, called for the domestic fuel market to be opened up to competition. He said the refineries would "degenerate" if they would much longer continue to work on the cost-plus system.

Stiff new tax fines

Post Economic Staff

Fines of up to NIS 12,500 will be imposed on anyone found guilty of attacking tax assessors, according to new Justice Ministry orders. The fine may be as high as NIS 37,500 if the attacker is armed.

There will also be fines of up to NIS 12,500 for anyone failing to notify the tax authorities within 90 days of opening a business or becoming self-employed.

The orders also stipulate the following: Anyone failing to keep books, register receipts or declare capital assets may be fined up to NIS 5,000.

Anyone who deducts taxes without transferring the money to the tax authorities may be fined NIS 12,500, plus double the amount withheld. Anyone with undeclared income will be fined NIS 37,500, plus double the amount concealed.

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Anyone with undeclared income will be fined NIS 37,500, plus double the amount concealed.

Rise in industrial exports to Japan

Post Economic Staff

Israel's exports to Japan increased by 25 per cent during the first quarter of the year, totalling \$59 million, compared to \$48m. during the same period last year.

While high-tech products represent an increasingly larger portion of these exports, diamonds continue to dominate the trade with that country.

Israeli penetration of the Japanese market has become easier of late because of the strength of the yen and the Japanese government's policy, according to Yehuda Etzoni, head of the Asian trade desk in the Ministry of Industry and Trade.

Aside from diamonds, Israel also exports chemicals, electronic and electronic goods and light industrial goods to Japan. Israel imports Japanese cars, electronic products, steel and more.

Last year exports to Japan totalled \$200 million, compared to imports of \$188m., but these figures include diamonds.

While high-tech products represent an increasingly larger portion of these exports, diamonds continue to dominate the trade with that country.

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Tel Aviv Stock Exchange

MARKET STATISTICS

| Indices: | | | |
|---------------------|--------|--------|--|
| General Share Index | 118.49 | +0.15% | |
| Non-Bank Index | 141.85 | -0.37% | |
| Arrangement | 108.31 | +0.53% | |
| Insurance | 106.76 | -0.37% | |
| Commerce, Services | 161.43 | +0.80% | |
| Real Estate | 169.45 | -0.73% | |
| Industrials | 130.17 | -0.31% | |
| Textiles | 158.81 | -1.55% | |
| Metals | 124.55 | +0.82% | |
| Electronics | 107.79 | -0.71% | |
| Chemicals | 127.21 | -0.15% | |
| Industrial Invest. | 125.59 | +0.00% | |
| Investment Cos. | 146.45 | -0.51% | |
| General Bond Index | 108.58 | +0.32% | |
| Industrial Bonds | 108.82 | +0.36% | |
| Fully-linked | 111.50 | +0.21% | |
| Partially-linked | 108.70 | +0.47% | |
| Dollar-linked Bonds | 100.01 | -0.05% | |
| Short-term 0-2 yrs | 107.25 | +0.25% | |
| Medium-term 2-5 yrs | 108.37 | +0.27% | |
| Long-term 5+ yrs | 106.97 | +0.27% | |

| Turnovers: | | | |
|------------------|----------------|--|--|
| Shares—total | NIS 10,144,100 | | |
| Non-Bank | NIS 2,141,700 | | |
| Arrangement | NIS 7,972,400 | | |
| Insurance | NIS 5,612,800 | | |
| Bonds—total | NIS 3,003,300 | | |
| Index-linked | NIS 2,809,300 | | |
| Treasury Bills | NIS 10,776,300 | | |
| Share Movements: | | | |
| Advances | 112 (169) | | |
| of which 5%+ | 14 (33) | | |
| Declines | 5 (4) | | |
| of which 5%+ | 35 (22) | | |
| Unchanged | 124 (108) | | |
| Trading Halt | 44 (42) | | |

| | |
|-----------------------|---------------------|
| 4.25% fully-linked | Rises to 1% |
| 80% linked | Rises to 1% |
| 80% linked | Stable/slight rises |
| Double-linked | Falls to 1% |
| Dollar-linked: | |
| Admon | Falls to 1.5% |
| Rimon | Mixed to 0.5% |
| Gilboa | Mixed to 2.5% |
| For Curr. denominated | |
| Treasury Bill | Rises to 3% |
| (month) — (12) | 1.20% - 1.44% |

Arrangement yields:

| | |
|--------------|--------|
| IDB ord. | 11.86% |
| Union 0.1 | 11.24% |
| Discount A | 11.44% |
| Mizrahi r. | 11.51% |
| Hapsatir r. | 11.74% |
| General A | 11.44% |
| Laumi stock | 11.70% |
| Fin. Trade 1 | 11.36% |

SELECTED PRICE QUOTATIONS

| Name | Price | Volume | % | 100NIS change |
|--|-------------|--------|---|---------------|
| Commercial Banks | | | | |
| (not part of "arrangement") | | | | |
| Maritime 1 | 1105 | 3320 | | +0.9 |
| General non-arr. | 27500 | 96 | | +0.4 |
| First Int'l | 3698 | 2827 | | - |
| FIBI | 4090 | 3376 | | - |
| Commercial Banks | | | | |
| (part of "arrangement") | | | | |
| JDB | 82220 | 747 | | - |
| Union 0.1 | 10200 | 378 | | +1.1 |
| Discount | 106900 | 176 | | +0.5 |
| Mizrahi | 34100 | 410 | | +0.4 |
| Hapoalim r | 58000 | 818 | | +0.5 |
| General A | 144050 | 26 | | +0.7 |
| Leumi 0.1 | 36520 | 1168 | | +0.7 |
| Fin. Trade | 47600 | 7 | | +0.2 |
| Mortgage Banks | | | | |
| Leumi mort. r | 5000 | 489 | | -1.5 |
| Dev. Mort. | 1340 | 1304 | | -3.0 |
| Mizrahi r | 2594 | 813 | | +1.0 |
| Tefahot r | 14500 | 125 | | -1.2 |
| Merav r | 4730 | 616 | | -1.0 |
| Financial Institutions | | | | |
| Agri-C | 60000 | 28 | | -8.1 |
| Int. Dev. DD | not trading | | | |
| Clal Leasing 0.1 | 8740 | 118 | | - |
| Insurance | | | | |
| Avrat 0.1 r | 999 | 1115 | | - |
| Hevrat 0.1 | 536 | 16860 | | -1.7 |
| Phoenix 0.1 | 1530 | 801 | | -4.4 |
| Hevrat 0.1 | 7340 | 105 | | - |
| Menorah 1 | 8001 | 38 | | +8.3 |
| Sahar r | 4400 | 373 | | - |
| Zion Hold. 1 | 15037 | 42 | | - |
| Trade & Services | | | | |
| Mair Ezra | 4149 | 80 | | -0.0 |
| Supersol 2 | 5405 | 966 | | +0.3 |
| Delek r | 5820 | 2487 | | - |
| Lightage | 18620 | 80 | | +3.1 |
| Cold Storage | 2887 | 588 | | +5.0 |
| Dan Hotels | 4114 | 433 | | +4.4 |
| Yarden Hotel | no trading | | | |
| Hilon 1 | 11850 | 612 | | - |
| Team 1 | 1860 | 803 | | +3.3 |
| Real Estate, Building and Agriculture | | | | |
| Azorim | 635 | 11989 | | -1.6 |
| Elion | 365 | 3109 | | -1.8 |
| Africa Isl. 0.1 | 3450 | 74 | | - |
| Danrion | 4520 | 372 | | -6.5 |
| Prop. & Bldg. | 2695 | 2689 | | +0.9 |
| Bayaside 0.1 | 4360 | 212 | | -0.9 |
| ILDC r | 51000 | 80 | | - |
| Rasoco r | 6400 | 612 | | - |
| Melchod | 6950 | 977 | | - |
| Haderim | 1080 | 3570 | | - |
| Industrials | | | | |
| Dubek b | 3980 | 798 | | - |
| Pr-Za 1 | 2201 | 581 | | +0.0 |
| Sunifrost | 8200 | 308 | | +1.0 |
| Elion | 14500 | 155 | | -1.0 |
| Adgar | 820 | 1889 | | -1.8 |
| Argamim | 11630 | 191 | | -0.9 |
| Delta G 1 | 4840 | 324 | | +4.3 |
| Maquette 1 | 27010 | 95 | | -1.9 |
| Elgie | 12750 | 147 | | - |
| Polget 0.4 | 9540 | 506 | | - |
| Schoeller | 14840 | 70 | | +1.0 |
| Rogovin | 3885 | 223 | | -2.5 |
| Ordon 0.1 r | 11100 | 434 | | - |
| Is. Can. Co. 1 | 1250 | 8528 | | - |
| Zion Gold | 2288 | 1113 | | +0.0 |
| Packer Steel | 7120 | 128 | | -1.1 |
| Elbit 3 r | 437000 | 22 | | - |
| Elron | 38850 | 7 | | -0.3 |
| Art | 30200 | 50 | | -9.6 |
| Clal Electronics | 2350 | 4064 | | +2.2 |
| Spectronix 1 | 2570 | 3468 | | +1.3 |
| T.A.T. 1 | 3950 | 390 | | +1.3 |
| Akstein 1 | 1500 | 72 | | +0.7 |
| Agan 5 | 20700 | 348 | | +1.0 |
| Alliance | 1680 | b.o.t. | | +5.0 |
| Dexter | 4240 | 122 | | -0.5 |
| Fertilisers | 8837 | s.o.t. | | -5.0 |
| Heila Chem. | 840 | 4267 | | -0.5 |
| Teva | 54000 | 121 | | - |
| Dead Sea r | 14800 | 666 | | - |
| Petromer. | 525 | 19884 | | +0.2 |
| Neca Chem. | 3987 | 571 | | -5.0 |
| Frustron | 10400 | s.o.t. | | +1.0 |
| Hadera Paper | 218500 | 217 | | +3.0 |
| Central Trade | 6930 | 861 | | - |
| Koor p | 5200200 | 0 | | +0.0 |
| Clal Inds. | 1428 | 5002 | | - |
| Investment Companies | | | | |
| IDB Dev. r | 3940 | 3490 | | - |
| Elion | 3150 | 2895 | | - |
| Afik 1 | not trading | | | |
| Gabriel | 1620 | 50 | | +0.5 |
| Israel Corp. 1 | 8117 | 240 | | - |
| Wolfson 1 r | 11000 | 3 | | -1.6 |
| Hapoalim Inv. | 5710 | 2598 | | - |
| Leumi Invest. | 4890 | 312 | | +1.8 |
| Mizrahi Invest. | 17335 | 126 | | +4.8 |
| Clal 10 | 820 | 5013 | | -1.7 |
| Landeco 0.1 | 10661 | 71 | | +3.0 |
| Pame 0.1 | 9900 | 92 | | -1.0 |
| Oil Exploration | | | | |
| Pax Oil Expl. | 12800 | 131 | | - |
| J.O.E.L. | 1610 | 1905 | | +3.2 |

FINANCIAL DATA: ISRAEL, EUROPE, U.S.

ISRAEL MONEY MARKETS June 1, 1986

SHEKEL INTEREST RATES
PRIME BORROWING RATE: 1.25% per month
Unlinked Deposit (Annual Rates)

| | Last Updated | Tapas | Pakam 7-Day | Pakam 30-Day |
|-------------|--------------|---------|-------------|--------------|
| LEUMI | 27.5 | 8-13.5% | 6-15% | 9-13.5% |
| HAPAOALIM | 20.5 | 7-14.5% | 6-15% | 9-14% |
| DISCOUNT | 8.4 | 7-13% | 6-15% | 9-14% |
| MIZRAHI | 8.5 | 8-13% | 6-15% | 9-14% |
| FIRST INT'L | 12.3 | 6-13% | 6-15% | 9-13% |

Rate varies according to size of deposit.
(Tapas: demand deposit paying daily interest.
Pakam: fixed-term deposit available from 7 to 59 days.)

PATAH — FOREIGN CURRENCY DEPOSIT RATES (as of June 1)

| | 3-MONTHS | 6-MONTHS | 12-MONTHS |
|-----|----------|----------|-----------|
| USD | 6.375 | 6.375 | 6.625 |
| STG | 9.000 | 8.875 | 8.925 |
| DMK | 4.000 | 4.000 | 4.125 |
| SR | 4.000 | 3.875 | 3.750 |
| YEN | 3.375 | 3.250 | 3.250 |

Rates vary according to size of deposit and are subject to change.

SHEKEL FOREIGN EXCHANGE RATES

| | CHEQUES AND TRANSFERS | BANKNOTES |
|--|-----------------------|-----------|
|--|-----------------------|-----------|

THE JERUSALEM POST

Avi Roth
Editor and
Managing Director

Erwin Frankel
Editor

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Surprise appointment

A QUICK decision on the right method of inquiry into the "Shalom Affair" will inevitably be delayed as a result of the government's snap choice yesterday of Yosef Harish, deputy president of the Tel Aviv District Court, to fill Prof. Yitzhak Zamir's shoes as attorney-general and its own legal adviser. Premier Shimon Peres, having in effect promised to keep Prof. Zamir on until he had sorted out the tangled GSS web, unceremoniously agreed to chuck him out, two days before the return home of the police inspector-general.

Judge Harish will doubtless take his time — after taking up his new post the day after tomorrow — to carefully study all the material pertaining to the charges of obstruction of justice levelled by three of his former subordinates at the chief of the General Security Services. He will surely also consult with the prime minister, and other ministers, as he is required to do in a security matter such as this, while paying due regard to the work already done on it by his predecessor.

Then, it may be hoped, Judge Harish will exercise his independent judgment in arriving at a balanced conclusion. He will not, it may be assumed, anymore than did Prof. Zamir before him, bow to the strongly expressed wish of the government majority that he place security practically out of reach of the law, nor certainly to the cry of the ministerial minority that he, in so many words, declare himself incompetent to deal with any security matter at all.

The new attorney-general, for all his varied legal experience, will be facing a hard dilemma. The amazing speed with which Justice Minister Yitzhak Moda'i brought up the appointment, after first treating it with languid nonchalance, suggests — despite his denial — that he expects Judge Harish to radically alter, if not reverse, the course charted by Prof. Zamir. Since he — as the Hebrew expression goes — sits among his people, Judge Harish must also be aware that the random sample of them polled last week overwhelmingly sided with the government and against the attorney-general in the matter of Avraham Shalom.

To accommodate the government would be the easiest way for Judge Harish to avoid trouble with ministers, and win popularity. It is inconceivable, however, that whatever conclusion he reached will not bear the clear mark of independent judgment, unaffected by extraneous considerations.

By stepping at this time into the breach, Judge Harish may have allowed the nation a little respite from its preoccupation, a full week now, with the "affair." But this should be viewed as an opportunity to squarely address the larger issues raised, or raised afresh, by the GSS's internal rift.

One such major issue relates to the attorney-general's powers. If the attorney-general today is anything like the "country's director-general" of rightwing mythology, that is largely due to Menachem Begin's quest of legitimacy for his rightwing policies in the attorney-general's approval, and to the repeated failure of successive governments to make up their political minds without soliciting the attorney-general's advice.

This, then, is a matter not of constitutional power but of practical usage. It is nowhere stipulated that the attorney-general should attend all government meetings, nor is it an issue of high principle that he, or she, should serve indefinitely rather than a specified term. What is an issue of high principle is that the attorney-general remain, rightwing assaults notwithstanding, a model of judicial integrity.

Another major issue concerns the control of the GSS. Finding the right balance between the imperative of secrecy for any security service and the need for proper checks upon it has been a challenge for all western democracies. The problem is especially grave in Israel, and not only because the threat to its security is so much graver.

The GSS is a truly mighty agency, responsible, as it is, for maintaining order in the administered territories as well as for fighting terror wherever Israel's writ runs and for ferreting out spies, too. Yet, legislative oversight of the GSS is a bad joke, and the agency is almost entirely self-policing, so that whoever is on top and has the premier's ear also has his boundless trust and a virtual immunity from questioning.

This is an unacceptable situation, as the "Shalom Affair" has shown. Exception may be taken to a police probe of the GSS head, that is why a judicial commission of inquiry, sitting *in camera* would seem preferable. But surely the decision whether to believe Avraham Shalom or Reuven Hazak cannot be left to the premier, just as the guilt or innocence of Tat-Aluf Yitzhak Mordechai could not be established by the chief of general staff.

Mr. Peres's proposal that "security be based on security" is inadequate. Perhaps Judge Harish, as the latest attorney-general in a long list of outstanding jurists, could help devise a better formula.

A-G SWITCH

(Continued from Page One)
the government's right to remove him, especially after he had tendered his letter of resignation, but said that he had not been asked. Zamir yesterday declined to comment on whether he regarded his hasty replacement as an "ouster".
Personally, Zamir is said to be happy at returning to private life and academic law. But from a wider perspective, he is concerned about the further handling of the GSS case.
The ministers and Zamir were yesterday at pains to maintain an honourable façade during the brief change-of-guard statements. Moda'i proposed Harish as his candidate to replace Zamir. The ministers were asked to approve the choice, without most of them having any knowledge of the impending appointment or of Harish's qualities and qualifications.
Peres then praised Zamir's performance in office, citing his "courage" and "conscience".
Finance Minister Moshe Nissim, who was justice minister until last month, praised Zamir's "courage, initiative, and civility." Moda'i spoke of his great respect for Zamir, and Religious Affairs Minister Yosef Burg recalled that when he had taught at the Herzliya Gymnasium, he had told Zamir's mother that her son would one day achieve prominence.

Zamir thanked the ministers and Peres for the seven years of cooperation and joint endeavour, saying that Harish was "suitable for the job," and wished him success.
Moda'i demanded that the change-of-guard take place immediately. Communications Minister Amnon Rubinstein said it would be more seemly if a period of two weeks was allowed to elapse. In the end, the ministers agreed to a three-day transition period. The cabinet finally approved Harish's appointment unanimously.
Afterwards, Peres briefed the cabinet on the GSS affair, the meeting being declared closed as a meeting of the Ministerial Defence Committee. Peres spoke for about three-quarters of an hour, after which the ministers asked him and Zamir a number of questions.
The cabinet then resolved by a vote of 10-1, with Minister-without-Portfolio Ezer Weizman dissenting, that ministers henceforth would not speak in public on the GSS affair, and that only Peres or someone designated by Peres could speak on the subject. Defence Minister Yitzhak Rabin and Industry and Trade Minister Ariel Sharon reportedly abstained in the vote.

ISRAEL IS a Jewish state but in some vast areas of the country, Jews are a minority. In mountainous Galilee a scant 20 per cent of the total population is Jewish and in the entire region from the Jezreel Valley to the Lebanese border, Jews comprise a bare 51 per cent of the population.

The Arabs in Israel are not prone to emigrate and while there were 160,000 Arabs in the whole country when the state was founded, by 1966 the population had doubled, and by 1977 it had doubled again. It is expected to double once more by the turn of the century, only 14 years from now, and will bring the total non-Jewish population in the country to well over a million with 700,000 in Galilee.

The rate of natural increase in the Israeli Arab sector in Israel's first decades is one of the highest in the world. Today it stands at about an annual rate of 3.2 per cent as compared to the 1.6 per cent in the Jewish population.

Given this demographic situation it seems an absurdity that today, 38 years after the founding of the state, the settlement of Galilee is more often than not honoured in the breach and at the best of times is more a subject for lip service than for any constructive action.

In addition, the Jewish population in Galilee is slowly but surely dwindling. There are 500 government-owned flats in Safad, northern Galilee's capital, but there are no prospective tenants because there is no place for them to work.

Unemployment lines are long in the development towns of the region, some of the longest in the country, but not at the desks of the clerks who take care of the unemployed professionals. They have all given up and left the area over the past few years.

THE DEVELOPMENT towns are dying under a load of unpaid debts, and the moshavim are looking desperately for some way out of their dilemmas, many of them caused by bad planning and unprofitable advice from the "experts" sent to advise them.

Nor was this advice a *gratis* matter but a case of advice and consent, for receiving government loans for agricultural development was contingent upon doing what the experts said. Now the experts are silent and it is the stunned moshavnik who is

Galilee: cause for concern

D'VORA BEN SHAUL

left with a staggering debt and dunams of worthless fields.

The kibbutzim of the area are doing better than the other communities, but even for them the lean years have come and brought with them cutbacks in development, cultural activities and members' trips abroad. Only the fact that they are able as yet to fall back on the support of the entire kibbutz movement helps them keep their heads above water.

In the meantime Minister of Industry Ariel Sharon careers around the West Bank marking out sites for industrial development with the casual aplomb of Churchill after he helped set a Beduin king on a desert throne in Jordan and wrote that "with the stroke of a pen I created a kingdom."

Sharon, now creating a West Bank empire with the stroke of a pen, insists that nothing built in the West Bank will be done to the detriment of the development towns, but it would be hard to convince any Galilee residents of this. The proposed industrial parks are not being built just to serve the 60,000 Jewish residents of the West Bank settlements, but also to lure Israelis from inside the Green Line to make their homes in the areas.

The Negev was settled largely due to the vision of one man, David Ben-Gurion. For Galilee there has been no such visionary, consequently every step forward brings two in retreat.

Unless Galilee receives priority for Jewish settlement and for national endeavour we may, within a few

years, find the region's majority population demanding their "rights" as Palestinians. Even today about 13 per cent of those polled say they would favour a linkage of Galilee to a future Palestinian state.

Israel's possession of Galilee, at least, has international recognition. This is not the case with the West Bank, yet because of the expansionist desires of a minority population, vital resources are being poured into this disputed region, instead of being used to secure the undisputed Galilee for once and for all as a part of the Jewish state.

THE MAIN problem of the demographic situation in Galilee is not one of fear of our Israeli Arab neighbours, but the fact that it is hard for a democratically-oriented system to find justification for imposing the laws and statutes of a minority group on the majority of the citizens in the area. If Galilee turns into a bastion of non-Jewish residents, then many may see it as different from the rest of Israel, and even compare it to South Africa, where a minority rules the majority.

Many experts have spoken out about this situation, but most of their words have gone unheeded. Prof. Avraham Sofer, dean of the Technion's Faculty for Architecture and Town Planning, is one of those who see the demography of Galilee as a problem of the highest significance.

Sofer, who heads a group preparing policy guidelines for the Settlement Department of the Jewish Agency, insists that "the Jewish settlement of Galilee must not be at the expense of the Arab population since this would lead to the Lebanonization of Israel."

But Sofer does hold that the main objective now should be to bring thousands of Jews to eastern Galilee, which is currently underpopulated, and to integrate the local non-Jewish population into the planning and decision-making process.

Many people believe that since we have kept Galilee this long with minimal Jewish settlement, there is no cause for worry. That is one way of looking at it, but in the end nothing, neither our will nor the recognition by others will guarantee Galilee as an integral part of Israel. Only the facts will count, and today they are far from favourable to our national aims.

The writer is a member of the editorial staff of The Jerusalem Post.

The myth of liberalism

ASHER MANIV

MAYBE THE new Liberal Centre Party will make a positive contribution to the Israeli political scene. But if so, it will be mainly on a tactical level.

The party might, for instance, become another small "balance-of-power" party, thus breaking the monopoly of the religious parties in deciding whether the left or the right will be in power. There is certainly nothing very democratic in having our major political issues decided by a party which attracts 3-5 per cent of the vote but, because of its balance-of-power position, can exert almost anything it wants from the two major parties, each of which polled roughly 40% of all the votes. But if we must have a balance-of-power situation, the power of the small extortionist parties will certainly be smaller if we have not only one more or less monolithic bloc, but two or more.

(And, by the way, none of the compromise proposals for electoral reform, like the one sponsored by Minister Gad Ya'acobi, could solve the balance-of-power problem; the only chance of abolishing the power of the "tongue of scales" lies in a full "winner-takes-all" system, on the British or American model.)

Even if the appearance of the LCP at the next elections would have the desirable result of reducing the religious bloc's power, that is no reason to glorify the party as the bearer of the long-needed renewal of the liberal gospel and the idea of centrism.

Let's be generous and, unlike most political observers, ignore the not-exactly-ideological rumspus which almost broke up the LCP's first convention. The question remains: Is there really a need for a centre party?

The idea of striking a balance between left and right and thus attracting a large potential constituency which does not want to identify itself with either is not new. Since so many people are sharply critical of both left and right — and a lot of politicians are afraid to show the courage of their own convictions, if they have any — the idea of being "somewhere in the middle" must certainly appear attractive. If, as argued by many political theorists, elections are usually decided by the "floating vote" in between the two major blocs, then centre parties should show huge political success.

Plausible as the theory may be, the facts do not bear it out. There is hardly any democratic country anywhere in the world with a really strong centre party. There is hardly any centre party anywhere which polls a majority of the votes and can either form a government of its own or at least be the major coalition partner. The sweetest dreams of most centre parties do not usually go beyond becoming the balance-of-power (as in Germany). Even in Britain, where the split between Labour and the alliance of the so-called Social Democrats with the Liberals was meant to revolutionize the party scene, nothing of the sort happened.

Although the average voter may be very susceptible to such slogans as "national unity," "consensus," etc., it appears that when he goes to the poll, he wants more than a wishy-washy, undefinable, middle-of-the-road programme.

ly non-profitable) undertakings, and government assistance to industry (including their own). Nor would they refrain from dumping bankruptcies of private enterprise (like Ata), or the deficits and failures of private banking (like Discount) into the government's lap, reserving only the profits, appointments and decision-making to the "private owners."

The fact is that government expenditure as a percentage of the Gross Domestic Product (GDP) has sharply risen in all capitalist countries from somewhere between 10-20 per cent in 1939 to 35-50 per cent in the 80s. In some countries, notably the welfare states, the percentage is even higher. Could that be called "laissez-faire?"

True, old-fashioned liberalism was supposedly given a new lease on life with the advent of "Thatcherism," "Reaganomics" and other types of neo-conservatism. But the abject failure of Thatcherism, as proved by the appalling rate of unemployment in Britain and all the latest opinion polls, is hardly a recommendation. The Israel version of the New Right was tried by old-time Liberal Simha Ehrlich in 1977 and resulted in the first stage of the economic crisis which worsened during the Likud years and which we have not fully recovered from now.

Though Reaganomics also one-sidedly favours big business and hits only the weakest part of the population, it was never as consistent as Thatcherism. For even during the Reagan administration, government expenditure rose from 25 per cent of the GDP in 1980 to 38 per cent in 1983 — a period of only three years.

This goes to prove once more that laissez-faire liberalism is dead. And all attempts to revive it by politicians in dire need of a new platform are doomed to failure. Neither Centrism nor Liberalism can provide a *raison d'être* for the new party. All one can hope the LCP will bring is a change in the mathematical division of the Israeli political arena.

The writer is a fellow of the Yad Tabenkin Research Institute of the United Kibbutz Movement.

But only the last point of this platform can claim to be "original." For territorial compromise we already have Labour; freedom of the individual and opposition to orthodox dictates are major planks of the Citizens' Rights Movement, Mapam, Shinui, etc.

What remains, then, is laissez-faire liberalism.

But, alas, liberalism in that sense is dead — even in the most capitalist of countries. Where on earth can one find liberalism not in the American usage of the term, but specifically laissez-faire liberalism — real, old-fashioned, 19th Century liberalism, free and self-regulating market, non-involvement of the government in the economy — except perhaps in the minds of certain economists and politicians of the New Right, whose connection with reality is purely accidental, or some free-enterprise stalwarts, who then always run to government when in trouble?

Let's face facts: In the United States, considered the bastion of capitalism, 500 firms employ close to 80 per cent of all industrial workers, sell about 80 per cent of all industrial products, hold 80 per cent of all industrial assets, make about 75 per cent of all profits in industry. The remaining 15-25 per cent go to 10-12 million small "free enterprise" firms. If this is "free market," then the word has lost all meaning.

LAISSEZ-FAIRE liberalism without government interference is a favourite catch-phrase to attract everybody who does not like to pay taxes (who does?) and who has a grumble against the government (and who has not?). But even our renovated Liberal Centrists would not want to abolish all government planning, government expenditure in defence and other national (usual-

Dry Bones



READERS' LETTERS

AN ORTHODOX VIEW

To the Editor of The Jerusalem Post
Sir, — Your editorial entitled "The status of the status quo" (May 12) prompts this reader, who is spending his sabbatical in Israel, to comment on some of your observations.

I find it difficult to understand how the "politically organized Orthodox" can be held responsible for the erosion of the status quo, considering that the recent events which elicited your editorial are examples of the non-Orthodox community ignoring the accepted norms of many years regarding public respect for the sanctity of the Sabbath. If you are alluding to the efforts of Torah loyalists to preserve the Jewish character of the state, and educate its people in the teachings and traditions of Judaism, it would seem to me that it is perfectly legitimate for any group committed to an ideal to do so.

In our political system it is certainly proper to implement a programme of principles by using the channels of government, providing it is done within the framework of law and is not coercive. In general, I am puzzled by the frequent accusations by secularists of religious coercion in view of the freedom of action and expression granted to, and enjoyed by, every Israeli individual and group. The closing of stores, government offices and places of amusement and food, as well as the absence of public transport on the Sabbath, is at most negative in nature and may perhaps cause inconvenience to the non-observant, but it certainly does not constitute coercion. No one is forced to conform to religious practice nor is anyone prevented from pursuing his own personal pleasures or interests on the Sabbath. I would not consider this state of affairs one which could be called — as you do — a "thoroughgoing state of halachah."

Your comment regarding the civil

law on days of rest, which the religious community in Petah Tikva and Haifa asserts has been violated by the opening of cinemas on Friday nights, is particularly puzzling. You point out that quite a few years ago, the legal adviser to the government ruled that the exception of "vital needs" to this law also includes the assurance of "a proper quality of life." While you do not hesitate to read the minds of the rabbis as to their definitions of this phrase, you do not tell your readers your interpretation of this sweeping statement. Indeed, what is meant by "quality of life" which justifies the public violation of the Sabbath? Does the opening of movie houses on Friday evenings enhance the quality of life of a Jewish state, or would the gathering of families around the Sabbath table singing *zemirot* and exchanging comments on the weekly *Sidra* be considered of higher quality, even by the non-Orthodox? If one watches families walking home from the synagogues on the Sabbath or couples with children strolling down the street on Sabbath afternoon and then compares that to the crowds in front of cinemas and discos or cafes, which of these would even our non-religious founding fathers consider to be the fulfilment of the Zionist dream?

Status quo is defined as "the existing state of affairs." I agree with you that it should be changed, but in a different manner. Life is not static, it is meant to be dynamic. It is imperative that Israel society move in the direction of shaping one which would reflect the wishes of those who wisely agreed that "the day of rest in the Jewish State should be the Sabbath. They understood that more than the Jews have kept the Sabbath, the Sabbath has kept them."

Rabbi RALPH PELCOVITZ
Jerusalem.

SOLUTION FOR TABA

(Egypt).
I suggest the following wording, which ought to satisfy both sides: "Correct exact" location.
JACOB ROSIN
Netanya.

THE CASE OF HERMAN ABS

To the Editor of The Jerusalem Post
Sir, — Further to Ze'ev Raphael's letter of May 18 about Hermann Abs, his record was well known to one and all here. But since we hoped to use his influence to obtain loans and grants from or through him, this was conveniently ignored and the red carpet rolled out.

By the way, the gold fillings from KZ inmates were stored in the vaults of his bank before melting down to ingots.
WIM VAN LEER
Jerusalem.



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